



Doing Business In Kuwait: A Country Commercial Guide for U.S. Companies

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- [Chapter 1: Doing Business In ...](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

Chapter 1: Doing Business In Kuwait

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

The State of Kuwait lies at the northern end of the Arabian Gulf (Persian Gulf) and is situated between the Gulf Cooperation Council countries (Oman, Saudi Arabia, the UAE, Qatar, and Bahrain) and the State of Iraq. The Kuwait economy is dominated by petroleum, which accounts for over 90 percent of its export earnings and over 80 percent of its budget revenues. Given its single natural resource, Kuwait manufacturing is dominated by oil refining and down stream petrochemical processing. The non-oil manufacturing and agriculture sectors are statistically less significant given Kuwait's oil and oil reserves position. The majority of non-oil manufacturing companies are engaged in food processing and packaging and light industry including the manufacturing of building materials and residential furniture.

The Kuwait economy is relatively small with 2004 GDP being approximately USD 53 billion. Kuwait's primary export is oil, however it imports almost all capital equipment, agricultural commodities, processed foods, manufacturing equipment and consumer goods. Kuwait two-way trade is not very diversified with Kuwait exports to the United States, Japan and Korea accounting for over 40% of all Kuwait export earnings. Likewise, the United States, Germany and Japan account for approximately 35 percent of all foreign imports to Kuwait. The United States continues to remain a leading trading partner with the State of Kuwait in total bilateral trade.

Automobiles and automotive parts account for approximately one third of the USD 1.5 billion exported in 2004 to Kuwait. Oil and gas field equipment, telecommunications and IT equipment, electric generator sets, medical equipment, building materials and supplies, and electronics were also leading export sectors for U.S. firms.

Market Challenges

[Return to top](#)

The State of Kuwait is a complex and challenging market requiring adaptability and persistence. Many U.S. exporters and investors face many of the same challenges that exist in other Gulf Cooperation Council countries, such as inconsistent, sometimes contradictory policies, lack of transparency in decision-making, and an inconsistent judiciary. Careful planning and patience are the keys to success in Kuwait. Keeping in mind that Kuwait is strategically located at the northern end of the Arabian Gulf, and given the ambitious major civil and infrastructure construction work being proposed over the next decade, U.S. companies should also plan to eventually use Kuwait to expand business opportunities to Iraq and the other Gulf Cooperation Council member states.

Ongoing matters of concern for U.S. business include Kuwait tax regulations, less than transparent regulations pertaining to industrial standards, highly bureaucratic application

procedures, intellectual property rights protection, and less than transparent public contracting and procurement procedures. As noted above, these market challenges are not unique to Kuwait or the Gulf Cooperation Council member states, however for an improved business and investment climate, expeditious resolution of these ongoing trade irritants would show Kuwait's commitment to developing into a more open business center.

Market Opportunities

[Return to top](#)

The State of Kuwait is undergoing significant expansion in the building and construction industry. The Government of Kuwait is currently involved in an ambitious building program that includes the construction of three new urban centers, major highways, a new container terminal and transportation support infrastructure. Private construction and project development, like in other GCC urban centers, is also moving forward.

With the traditional export sector of automotive, oil and gas, computers/ITC, telecommunications equipment and construction equipment remaining strong and given the new pace of urbanization and construction occurring in Kuwait, export opportunities should increase in the near to mid term.

The Commercial Service in Kuwait has identified a number of market opportunities for U.S. firms and continues to work with companies in either entering the Kuwaiti market or expanding market share. Information on key industry sectors can be found in Chapter 4: Leading Sectors for U.S. Export and Investment of this Country Commercial Guide.

The U.S. Embassy and the U.S. Commercial Service in Kuwait are ready to assist U.S. manufacturers and exporters in tackling the Kuwaiti market, which could reward those businesses seeking a long-term, well-managed business relationship with one of our leading trading partners in the Gulf. For additional information, please visit the U.S. Commercial Service in Kuwait's web sit at www.buyusa.gov/kuwait/en.

For companies producing and exporting agricultural commodities or processed food can contact the Foreign Agricultural Service at the contact below:

Agriculture Trade Office (ATO), Dubai (responsible for Kuwait)

Tel: (971-4) 311-6183

Fax: (971-4) 311-6189

E-mail: atodubai@emirates.net.ae or usfgcdub@emirates.net.ae

Market Entry Strategy

[Return to top](#)

To be successful in the Kuwaiti market, most U.S. companies must locate, develop and support a local manufacturers representative or account executive to manage the marketing strategy for both the company and the product. Companies rely on local experience and knowledge as to how business is conducted. Knowing the regulatory and business framework is almost an impossible task without the support of a local agent and business partner. If U.S. companies are seeking this type of business relationship and understand that the best representatives are those with already existing

distribution and sales networks, sales and customer support centers, and maintenance and repair facilities if needed; then the Commercial Service in Kuwait has a number of programs and services available to assist the U.S. business community in establishing a presence in this growing market. In addition, the Commercial Service in Kuwait employs experienced Commercial Specialists with industry sector expertise that can tailor your business approach to the right audience and to advise and steer your company through the often less than transparent bureaucratic procedures that are common in Kuwait and the Gulf. If you would like to learn more about your particular industry in Kuwait, please contact the Commercial Specialist assigned to your industry sector at: http://www.buyusa.gov/kuwait/en/contact_kuwait.html.

Ambassador Le Baron and his Embassy team are ready to assist and offer advocacy support on behalf of U.S. commercial interests in Kuwait.

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

(<http://www.state.gov/r/pa/ei/bgn/35876.htm>)

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

Laws and Regulations

Commercial Law 36 of 1964, as amended by Commercial Law 68 of 1980, governs the establishing of a business or business relationship in the State of Kuwait. Under the above provisions, a foreign firm (including a partnership) may not establish a branch and may not perform any commercial activities in the country except through a Kuwaiti agent. Foreign and U.S. firms seeking a presence in the Kuwait market may do so utilizing commercial agents, distributors or service agents. Per definition, commercial agents promote products or services for a principal and negotiate, conclude and carry out deals on behalf of the principal (within the scope and authorizations allowed the agent per the contractual agreement). A distributor promotes, imports, stocks and distributes the principal's goods and products. Service agents (sponsors) act as representatives for foreign firms seeking to contract with the Government of Kuwait per Article 24 of Commercial Law 68 of 1980.

Common Practices

The U.S. Department of Commerce and the U.S. Foreign Commercial Service in Kuwait recommend that agency and/or distributor contracts should include information pertaining to the geographic sales/marketing territory to be covered by the agent/manufacturers representative or distributor, the products and services that the party would support and manage, the validity period of the agreement, agent/distributor fee and commission structure, the choice of applicable law and any arbitration clauses, milestones and responsibilities of both parties and termination clauses. In addition the agreement must be crafted that it complies with both Kuwait and U.S. laws. Though there is no statutory period for the providing of notice of termination, a three-month

notification is customary. Apart from termination, a U.S. principal must also be aware that the local agent may need to be compensated for investments made and good faith efforts undertaken to promote, sell, and service the principal's products in Kuwait. The Kuwaiti Commercial Code contains a formula for compensation (this would likely not apply to cases of termination for cause if the local agent is in breach of contractual obligations or the agent has not met performance goals).

Establishing an Office

[Return to top](#)

Any Kuwaiti or Gulf Cooperation Council national/citizen over the age of twenty-one may engage in commercial activity in Kuwait. Foreign companies may not engage in commercial activities in Kuwait unless the Kuwaiti interest in the business or joint venture exceeds 51 percent of the total capital of the enterprise (60 percent for banks, investment brokerages, and insurance companies). Foreign companies may not establish a branch or perform any commercial activity except through a local agent or manufacturers representative.

In order to establish a business in Kuwait, the Kuwaiti firm or joint venture needs to apply for a business license issued by the Ministry of Commerce and Industry. Application documentation must be in Arabic. For special commercial activities such as telecommunications, health services, pharmaceuticals etc. the relevant ministry, department or regulatory agency may require other certificates or licenses.

Business enterprises may be established in several forms including Kuwait Shareholding Company (KSC), company with limited liability (WLL), and general partnership. The cost and time required to register and open a business will vary due to company structure.

Franchising

[Return to top](#)

Kuwait business is highly receptive to the franchise business model. High per capita income, significant spending power, tax-free earnings, and an upwardly mobile population reflect the opportunity that exists in Kuwait.

Apart from food and service franchises, there is also high demand for quality education and training services. To respond to this need, the Government opened the door to foreign universities and colleges to establish branches in Kuwait. As the government's objective is to develop a skilled and employable Kuwait private-sector work force, the opportunity for training and skills development suppliers cannot be over emphasized.

For additional information on the franchise industry in Kuwait, please contact CS Kuwait Commercial franchise industry specialist at bassam.adham@mail.doc.gov.

Direct Marketing

[Return to top](#)

Direct marketing is limited in Kuwait. Most direct marketing campaigns using print and catalogue media are European and U.S. enterprises. Women's fashion catalogues including Quelle and Otto of Germany and Freeman (USA) and IKEA home furnishings offer catalogs to their regular shoppers and customers. Larger companies rely on newspaper inserts, mass mailing or Internet mass mailing campaigns in order to promote the latest product or one-time sales. Most fast food franchises engage in flyer

distribution direct to homes. Direct marketing via the cold calling of unsolicited potential customers also takes place in Kuwait.

Joint Ventures/Licensing

[Return to top](#)

Foreign businesses are offered several incentives to establish joint ventures with Kuwait firms, including partial relief from Kuwaiti corporate taxes (Kuwaiti firms are not assessed corporate tax). Given that all government procurement must be conducted with Kuwaiti citizens or firms and given that only Kuwaiti companies may be licensed in Kuwait, the joint venture model is a good vehicle in order to enter and maintain a long-term presence in Kuwait.

A joint venture is not considered a legal entity, and as such, official notification in the Commercial Register is not required. It is common for several foreign contractors and engineering firms involved in a major public contract to form a joint venture or consortium.

Selling to the Government

[Return to top](#)

Tender Law No. 37 of 1964 regulates government tenders. The Central Tenders Committee (CTC), which is under the jurisdiction of the Council of Ministers, acts on behalf of most government ministries, for example overseeing tenders in the oil sector that are valued at more than US \$17,000 (KD 5,000). The Ministries of Housing, Defense, and Interior (including the security forces) however can sometimes issue their own tenders independently of the CTC. All contracts with the Government valued at KD 100,000 (US \$340,000) or more are subject to Kuwait Law No. 25 of 1996, which requires contractors/agents to disclose and report all payments made, received or that they will be made or received when securing a contract.

Tenders are usually awarded on the basis of the lowest price once technical compliance with the tender's specifications have been established. It is worth mentioning that if a bidder wins a tender but then refuses to sign the contract, the Ministry concerned has the right to confiscate the bid bond as well as the performance bond, which might equal 5-10 percent of the contract's value.

Foreign companies cannot sell directly to the Government nor participate in public tenders except through a local agent. In the oil sector, for instance, supplying companies should be approved by an internal committee and placed on a list of 'pre-approved' companies. For major projects, international companies are usually invited to pre-qualify.

Distribution and Sales Channels

[Return to top](#)

Marketing of most foreign products in Kuwait is through local agents and or distributors. Depending on the location, type of product and after market service/support that may be required, most U.S. companies will work through an agent or manufacturers representative that would have an already established distribution network and customer support operation in place. Commission representatives/agents, on the other hand, periodically visit their customers with their foreign principals to maintain much-needed

strong personal contact, a very important marketing tool in Kuwait and other Gulf Cooperation Council (GCC) member states.

For direct support of U.S. interests in Kuwait, please contact any of Commercial Industry Specialists located at the U.S. Embassy in Kuwait
http://www.buyusa.gov/kuwait/en/contact_kuwait.html.

Selling Factors/Techniques

[Return to top](#)

Once an U.S. firm appoints a manufacturer's representative or agent, the agent or distributor expects-and should receive-the principal's full support with respect to literature, technical information and advertisement materials. Possible public sector buyers and potential private sector importers should receive company/product catalogs and other literature clearly displaying the name and address of the local representative/distributor. A common and highly effective support practice is to invite the representative/agent to the principal's country every year for annual sales and technical support meetings and training. Both agents and, if possible, their principals, should periodically visit existing and new customers since the importance of personal contact in Kuwait cannot be overemphasized.

In order to be competitive in the local market, the key selling factors in Kuwait remain price, quality, effective and convenient after-sale service and support, payment terms/discounting, and commitment to the business relationship. Payment installment plans and discounts are common marketing tools in a market that exhibits a high price elasticity of demand (price sensitivity).

Marketing schemes vary and include offering commercial discounts, frequent sales, free service for equipment purchased over a limited offer period, give-aways, warranties, trade-in opportunity and promotional events. For consumer products, Kuwait inaugurated a local shopping festival called Hala (Welcome) February. Special offers and promotional campaigns are common during this period, with hotels and other entertainment centers offering special rates and deals to attract shoppers from the Gulf region. Companies are reminded that all sales discounts require prior approval of the Ministry of Commerce and Industry.

Exhibitions in Kuwait are local and regional in nature. The support of a local manufacturer's representative or agent will go along way in establishing an image of U.S. corporate support of the local business enterprise. Participating along side your representative makes good business sense. For additional information on the Kuwait International Fair, please click onto the following web site: <http://www.kif.net>

Electronic Commerce

[Return to top](#)

Kuwait has over 200,000 Internet users, however, E-commerce remains predominately limited to Internet on line banking and brokerage services. Most Kuwaiti companies are not on-line for business-to-business or business-to-consumer transactions.

The Government of Kuwait must still make significant progress toward E-Government. An electronic signature law, based on the United Nations Commission on International Trade Law (UNCITRAL) Law on Electronic Commerce, still awaits legislative action.

Exhibitions

The Kuwait International Fair www.kif.net holds several national and regional exhibitions per year. Though primarily local events, the Kuwait International Fair allows attendees an opportunity to meet with local sales agents and account executives. In addition to exhibitions in Kuwait, the Embassy of the United States will be organizing several buyer delegations to major U.S. international events this year including the Builders' Show, the World of Concrete and the Offshore Technology Conference. Delegation information will be made available on the Commercial Service Kuwait Web site at www.buyusa.gov/kuwait/en during and following the exhibition.

Advertising and in-country promotion

Marketing in Kuwait can be challenging business. There are several local advertising agencies in Kuwait serving the U.S. and international business community. Newspaper advertising in Kuwait is a highly effective tool for communicating with the general public, with newspapers securing forty percent share of the advertising market. Billboards, signs and vehicle panels account for thirty percent of the advertising market. Advertising is also available on several FM radio stations (both Arabic and English speaking) and three state television channels. For franchise operators, direct marketing via mail circular or newspaper insert is very common.

A list of newspaper companies and advertising firms is available from the Commercial Service in Kuwait. Depending on your industry sector, you may wish to contact any of our Commercial Specialists for more details.

http://www.buyusa.gov/kuwait/en/contact_kuwait.html

Pricing[Return to top](#)

The key selling factors in Kuwait remain price, quality, effective and convenient after-sale service and support, payment terms/discounting, and commitment to the business relationship. Payment installment plans and discounts is a common marketing tool in a market that exhibits a high price elasticity of demand (price sensitivity).

Marketing schemes vary and include offering commercial discounts, frequent sales, free service for equipment purchased over a limited offer period, give-aways, warranties, trade-in opportunity and promotional events.

Imports

Most products imported to Kuwait from a non-Gulf Cooperation Council (GCC) member state will be assessed a duty of 5 percent. This will need to be included in any pricing calculation. There is no Value Added Tax.

In addition to the CIF price quotation plus import duty, U.S. exporters should also factor in the Kuwaiti agent's commission (typically between 5 and 15 percent), other transportation costs, and any installation costs/training that may be part of the agreed upon terms of delivery.

Government Procurement

There is a 10 percent price preference on public contracts in favor of Kuwaiti businesses. If a contracting officer or authority determines that a local company meets the technical specifications per the request for proposal, and though the bid price may be higher (within 10 percent), the local company may be awarded the public contract.

Sales Service/Customer Support

[Return to top](#)

U.S. suppliers should identify local manufacturer representatives/ distributors with the necessary service and maintenance capability. Companies should include follow-on maintenance clauses if the products/equipment so requires. Local representatives must ensure that appropriate standards of manufacture and service are maintained.

Consumer warranties are often provided to products including electronic goods, white/brown appliances, vehicles, tires and a variety of consumer products. Warranties can range from 90 days to up to five years depending on the product or capital good. When sales volume reaches a substantial value, the establishing of a factory service center with their local representative may be an option. There are a number of independent service and repair centers, however, use of lower valued components or non-manufacturers suggested maintenance protocols might often take place.

After-sales service and customer support is especially critical in the automotive and white appliances industry. Automobile dealers offer a one-year or 15,000 mile warranty. White appliance dealers will offer either repair or replacement over a particular period, and dealers will make home repair house calls.

Protecting Your Intellectual Property

[Return to top](#)

Kuwait was elevated to the USTR's Special 301 Watch List in 2004 due to continued failure to address serious and rampant copyright infringement, and its failure to amend its copyright law. Kuwait did not implement the 2002-work plan that outlined steps it would take to increase IPR enforcement. In 2003, Kuwait still had insufficient enforcement and penalties remained inadequate to deter IPR violators. Problems continued with Kuwait having the worst optical disc piracy rate in the region as well as problems with software piracy.

In 2004, the Kuwait Customs authority established a special IPR unit and began taking some enforcement actions. Other Kuwaiti ministries, most notably the Ministry of Commerce and Industry, began taking a more active role in copyright enforcement. A new copyright bill was to be put before the National Assembly in 2005.

Kuwait's patent and trademark legislation passed the National Assembly in December 2000 and took effect on 14 January 2001. The legislation was to make Kuwait compliant with the World Trade Organization's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). The legislation affords protection of twenty years and extends coverage to include pharmaceuticals. Industrial designs and integrated circuits are afforded protection of between 10 to 15 years. Though legislation is in place, penalties are light and do not act as a deterrent. Trademarks can be registered in Kuwait for ten years and renewed in additional ten-year increments indefinitely. If a trademark has not been used for a five-year period, an interested party can apply to the judicial system to have the trademark rescinded. Registration affords the owner exclusive rights to use the trademark, and third parties would be barred from the use of the trademark. Since trademark registration is linked to the Kuwaiti agent, the trademark would need to be again registered when a mark holder signs a new agent or distributor.

Due Diligence

[Return to top](#)

Companies can minimize their risk of exporting to new customers or entering into business relationships with new partners by utilizing the U.S. Department of Commerce International Company Profile (ICP) program. An ICP provides up-to-date information that includes bank and trade references; names of corporate principals, key officers and managers; product lines; the number of employees; financial data; sales volume; reputation and market outlook, all at a reasonable price. For more information, please visit our web site at www.buyusa.gov/kuwait/en.

Companies are also encouraged to seek local legal counsel for matters related to establishing the contractual relationship that is most beneficial to all parties.

Local Professional Services

[Return to top](#)

English-speaking attorneys specializing in commercial law, investment legislation, joint ventures, corporate law, tax law, bankruptcy law, public finance, banking corporations, criminal law and civil law are available for consultation with U.S. business representatives. Kuwait also has internationally recognized accounting firms in country. A listing of specialized attorneys and accountancy firms is available from the Commercial Service in Kuwait upon request. Companies can also review a list of attorneys at the CS Kuwait web site at: www.buyusa.gov/kuwait/en.

Web Resources

[Return to top](#)

For additional information on entering the Kuwait market, or if you have specific questions pertaining to your product or market niche, please visit our web site at www.buyusa.gov/kuwait/en.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

- [Agricultural Sector](#)

Commercial Sectors

- [\(Engineering Services\)](#)
- [\(Heating, Ventilation and Air Conditioning\)](#)
- [\(Oil and Gas Supplies, Equipment and Services\)](#)
- [\(Building and Construction Equipment\)](#)
- [\(Automobiles/Light Trucks/Vans\)](#)
- [\(Automotive Parts and Accessories\)](#)
- [\(Education and Training Services\)](#)
- [\(Reserved\)](#)
- [\(Reserved\)](#)
- [\(Reserved\)](#)

(Engineering Services)

Overview

[Return to top](#)

USD millions	2003	2004	2005 (estimated)
Total Market Size	75	95	110
Total Local Production	20	25	30
Total Exports	55	70	80
Total Imports	0	0	0
Imports from the U.S.	35	43	51

(Not adjusted for inflation. Exchange rate is USD 1 = KD 0.291 +/- 3 percent)

The State of Kuwait is undergoing a major construction boom in both civil engineering and project management. Major projects having been announced or to be undertaken include a combined cycle power plant (USD 2.2 billion), a petrochemical refining facility (USD 5 billion), a new university campus (USD 3.4 billion), a chemicals plant (USD 1.5 billion), and a number of transportation infrastructure projects including multi-lane carriageways, a new 2,500 TEU per day sea port, three newly developed urban centers and other projects. U.S. project management and engineering companies are actively engaged in these projects, and more announcements of upcoming projects are forthcoming.

Engineering firms must prequalify with the end user (ministry or agency) prior to undertaking any commitments on projects. U.S. firms do have a competitive advantage as experience and technical capabilities account for a significant weight for engineering contract determination.

Best Products/Services

[Return to top](#)

Engineering, procurement and construction (EPC) services in civil engineering, transportation engineering, design/construction of power plants and petrochemical refining and processing facilities.

Opportunities

[Return to top](#)

Major projects having been announced or will be undertaken include a combined cycle power plant (USD 2.2 billion), a petrochemical refining facility (USD 5 billion), a new university campus (USD 3.4 billion), a chemicals plant (USD 1.5 billion), and a number of transportation infrastructure projects including multi-lane carriageways, a new 2,500 TEU per day sea port, three newly developed urban centers and other projects

Resources

[Return to top](#)

For additional information, please contact U.S. Embassy Kuwait's Architecture and Civil Engineering (ACE) analyst Kamal.Zaher@mail.doc.gov.

(Heating, Ventilation and Air Conditioning)

Overview

[Return to top](#)

USD millions	2003	2004	2005 (estimated)
Total Market Size	168.2	185.0	200.0
Total Local Production	6.2	6.8	10.0
Total Exports	0	0	0
Total Imports	162.0	178.2	190.0
Imports from the U.S.	21.0	25.0	27.5

(Not adjusted for inflation. Exchange rate is USD 1 = KD 0.291 +/- 3 percent)

Given the pace of ongoing urban construction in Kuwait City and upcoming construction projects with respect to the refining and petrochemicals industry, the demand for heating and air conditioning systems is on the increase in Kuwait. Extreme summer temperatures occasionally exceeding 50 degrees Celsius, seasonal high humidity and summer dust storms, makes air conditioning and refrigeration units essential. With respect to residential and urban housing construction, high-rise buildings, mixed-use structures, and single/multi-family residences are being built throughout the country. In addition, three new urban centers have been planned and are likely to be built over the next decade. In all, the population of Kuwait is increasing, and along with it, the pace of major construction.

Refrigeration equipment is also critical for Kuwait as it imports nearly all of its agricultural requirements. Refrigeration for meats, chickens, and other foodstuffs is essential in this hot and desert climate.

Best Prospects/Services

[Return to top](#)

Central cooling and heating systems of large capacity, chillers, mini splits, and residential window units.

Opportunities

[Return to top](#)

The supplying of air conditioning, refrigeration and heating units to the growing housing and building market, refinery, chemical plant, and other major infrastructure works.

Resources

[Return to top](#)

For additional information, please contact U.S. Embassy Kuwait's HVAC analyst Kamal.Zaher@mail.doc.gov.

(Oil and Gas Supplies, Equipment and Services)

Overview

[Return to top](#)

USD millions	2003	2004	2005 (estimated)
Total Market Size	630	650	800 *
Total Local Production	25	30	30
Total Exports	0	0	0
Total Imports	605	620	770
Imports from the U.S.	230	240	264

(Not adjusted for inflation. Exchange rate is USD 1 = KD 0.291 +/- 3 percent)
(*due to new projects coming on line)

Kuwait is one of the larger oil suppliers within the OPEC consortium. Kuwait accounts for approximately ten percent of proven global oil reserves and current production capacity of 2.4 millions barrels per day. The Government of Kuwait is seeking to expand output to nearly 4 million barrels per day by 2010. Given hope of the start of Project Kuwait, an ambitious plan to increase production in the Northern Fields, major international oil companies will likely play a greater role in the development of Kuwait's sole resource.

U.S. oil companies, manufacturers and suppliers of oil and gas field equipment have always experienced a highly receptive market for U.S. technologies, products and services. Also of benefit to U.S. manufacturers and suppliers is that the Kuwait Oil Companies primarily use American Petroleum Institute standards in their requests for proposal.

Best Prospects/Services

[Return to top](#)

Best prospects in this sector including consulting services, engineering, procurement and contracting (EPC) services, refining technologies, environment consultants, control and instrumentation systems, and secondary recovery systems. Shortly the Government of Kuwait will be looking at off shore oil production in shallow water. A pipeline is also planned as well as other petrochemical production facilities noted in the engineering section of the best prospects list.

Opportunities

[Return to top](#)

Oil and gas field equipment to meet the needs of expanded production. Also needed is technology and know-how to expand Kuwait's current production by over 25 percent.

Resources

[Return to top](#)

The Offshore Technology Conference: www.otcnet.org/2006.

For additional information, please contact U.S. Embassy Kuwait's petroleum industry analyst Kamal.Zaher@mail.doc.gov.

Building and Construction Equipment

Overview

[Return to top](#)

USD millions	2004	2005 (estimated)
Total Market Size	106.6	137.95
Total Local Production	2.1	2.1
Total Exports	0	0
Total Imports	104.5	135.85
Imports from the U.S.	20.9	22.35

(Not adjusted for inflation. Exchange rate is USD 1 = KD 0.291 +/- 3 percent)

The State of Kuwait has embarked on an auspicious 464 + civil engineering and infrastructure projects building program valued at over USD 10 billion. Construction plans include the building of three new urban centers, multi-lane carriageways, new seaports and tourism infrastructure. Given that the primary building material used in Kuwait is concrete, construction equipment and tools incorporating the latest in concrete construction techniques are in highest demand. Not to be overlooked, the private sector currently is experiencing a construction boom, as is the case in other Gulf countries.

Kuwait has approximately twenty-five major civil and urban construction companies. Many of these firms apply U.S. building techniques and technologies in their projects. Whether it is the construction of new hospitals or resort areas, the United States continues to lead in the supply of building materials and products to Kuwait.

Best Prospects/Services

[Return to top](#)

Construction equipment to erect high rise multi-use structures, concrete construction equipment and technologies, building materials and supplies used in civil, commercial mixed-use, and residential buildings.

Opportunities

[Return to top](#)

The Commercial Service in Kuwait is hosting a buyer delegation to the International Builders' Show and the World of Concrete. For additional information, please contact our CS Kuwait building materials specialist Xavier.Muthu@mail.doc.gov. For U.S. companies interested in learning more about the Kuwait buyer delegation, information will be posted on our web site at www.buyusa.gov/en by February 2006.

Resources

[Return to top](#)

For additional information, please contact our CS Kuwait building materials specialist Xavier.Muthu@mail.doc.gov

Automobiles/Light Trucks/Vans

Overview

[Return to top](#)

USD millions	2003	2004	2005 (estimated)
Total Market Size	1951.2	2170	2320
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	1951.2	2170	2320
Imports from the U.S.	468.5	516	532

(Not adjusted for inflation. Exchange rate is USD 1 = KD 0.291 +/- 3 percent)

The State of Kuwait is a significant importer of new and used automobiles. Given the low cost of petroleum and consumers' preference for new and large sized automobiles, a country of 2.4 million purchases between 50,000 and 70,000 cars per year. Within this number, Kuwaiti consumers buy about 1,500 GM Suburbans with other U.S., European and Japanese SUVs, also taking up a good share of the new car market. In addition to SUVs Kuwait is an excellent market for upscale luxury automobiles. With U.S. automobile exports valued at USD 540 million, this is the single largest niche for U.S. exporters in the Kuwait consumer market.

Best Prospects/Services

[Return to top](#)

Large sized Sports Utility Vehicles (SUV) with ruggedized shock absorbers, transmission and air conditioning to meet extreme temperatures and road conditions. Luxury automobile manufacturers will also find an excellent market in Kuwait.

Opportunities

[Return to top](#)

The Kuwait International Fair hosts the second largest automobile exhibition in the Gulf region. Information can be found at www.kif.org.

Resources

[Return to top](#)

For additional information, please contact the CS Kuwait automotive industry specialist Bassam.Adham@mail.doc.gov.

Automotive Parts and Accessories

Overview

[Return to top](#)

USD millions	2003	2004	2005 (estimated)
Total Market Size	180	193	198.6
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	180	193	198.6
Imports from the U.S.	54	57.9	59.6

(Not adjusted for inflation. Exchange rate is USD 1 = KD 0.291 +/- 3 percent)

Automobile owners in Kuwait seek models that have been built rugged to meet the road conditions and climate of the country. With summer temperatures reaching or exceeding 50 degrees Celsius (120 F), the wear on air conditioning, transmission systems, braking units and tires can be excessive. Kuwait traffic volume is increasing and many drivers do not adhere to the "rules of the road," therefore creating an excellent market in sheet metal and body repair, as small accidents are very common on highways and city streets.

The auto parts market in Kuwait exhibits an excellent opportunity for U.S. firms to supply OEM and factory direct products to service the large number of Suburbans, Yukons, Jeeps, Chryslers, Ford and GM products. In addition to consumers purchasing U.S.-made automobiles, the Government of Kuwait has exhibited a high propensity of buying "made in the USA" for its fleet of police and military vehicles.

Best Products/Services

[Return to top](#)

U.S. auto part manufacturer or dealers will find opportunity for replacement and spare parts for SUVs and luxury automobiles made in the United States. In particular, components for engines, transmissions, brakes, air conditioning units, shock absorbers and tires. These products show extreme wear in current driving conditions and need regular maintenance or replacement.

Opportunities

[Return to top](#)

The Commercial Service in Kuwait regularly promotes Kuwait buyer delegations to the Auto Aftermarket Industry Week held every November in Las Vegas. For additional information, please contact the CS Kuwait automotive industry specialist Bassam.Adham@mail.doc.gov

Resources

[Return to top](#)

CS Kuwait automotive industry specialist Bassam.Adham@mail.doc.gov

(Education and Training Services)

Overview

[Return to top](#)

USD millions	2003	2004	2005 (estimated)
Total Market Size	11.0	12.5	15.5
Public Sector	7.5	7.5	12.0
Private Sector	3.5	5.0	3.5
U.S. Market Share	3.0	4.0	4.0

(Not adjusted for inflation. Exchange rate is USD 1 = KD 0.291 +/- 3 percent)

The Government of Kuwait employs approximately ninety-one percent of the Kuwaiti labor force. As the nation seeks to diversify more towards the private sector, education, training and vocational training will become more critical. Already in Kuwait, a number of private institutions are offering training and vocational training with emphasis on computer skills, foreign languages, communication skills and information technologies. Management and leadership training is also available.

The Kuwait Chamber of Commerce and Industry also provides various training programs for the private sector. Additionally, the Ministry of Defense contracts with a foreign language institute to offer English language instruction and the Public Authority for Applied Education and Training provides programs for graduates seeking employment at government ministries, departments or agencies.

Best Products/Services

[Return to top](#)

Best prospects for education service providers include foreign language training, computer/IT training, management training, executive training, and operation of foreign training centers in Kuwait.

Opportunities

[Return to top](#)

The American Society of Training and Development (ASTD) holds an annual exhibition in Kuwait in mid-March. The Embassy of the United States has a stand at this exhibition and invites U.S. universities, training centers, and education service providers to join us at Kuwait's leading education and training fair. For additional information, please contact CS Kuwait education specialist Kamal.Zaher@mail.doc.gov.

Resources

[Return to top](#)

CS Kuwait Senior Commercial Specialist Kamal.Zaher@mail.doc.gov.

(Reserved)

Overview

[Return to top](#)

	2003	2004	2005 (estimated)
Total Market Size			
Total Local Production			
Total Exports			
Total Imports			
Imports from the U.S.			

(Insert footnote information here)

(Insert text here)

Best Products/Services

[Return to top](#)

(Insert text here)

Opportunities

[Return to top](#)

(Insert text here)

Resources

[Return to top](#)

(Insert text here)

(Reserved)

Overview

[Return to top](#)

	2003	2004	2005 (estimated)
Total Market Size			
Total Local Production			
Total Exports			
Total Imports			
Imports from the U.S.			

(Insert footnote information here)

(Insert text here)

Best Products/Services

[Return to top](#)

(Insert text here)

Opportunities

[Return to top](#)

(Insert text here)

Resources

[Return to top](#)

(Insert text here)

(Reserved)

Overview

[Return to top](#)

	2003	2004	2005 (estimated)
Total Market Size			
Total Local Production			
Total Exports			
Total Imports			
Imports from the U.S.			

(Insert footnote information here)

(Insert text here)

Best Products/Services

[Return to top](#)

(Insert text here)

Opportunities

[Return to top](#)

(Insert text here)

Resources

[Return to top](#)

(Insert text here)

Leading Business and Investment Sectors-Long Term Projects

Environmental Technologies and Services

The State of Kuwait has embarked on an ambitious plan to substantially increase investment in environmental control and pollution cleanup. Investment in environmental projects is expected to exceed USD 3 billion over the next ten years. Proposed projects include the following: oil lakes cleanup (USD 2.277 billion), desert surface rehabilitation (USD 183.94 million), improvement of desert flora and fauna (USD 460 million), ground water cleanup (USD 41.53 million). In addition, the Government of Kuwait will look at expending USD 32 million for environmental awareness programs and the setting of air emission standards.

For more information, please contact the Commercial Service environmental specialist Najla.Sadeq@mail.doc.gov.

Safety and Security

The State of Kuwait plans to invest USD 32 billion in safety and security equipment over the next ten years. Kuwait defense and security forces will be looking at purchasing surveillance equipment, perimeter control systems, security check points (fences, crash barriers, cameras, access points), explosives and contraband detection systems including scanning systems and consulting services in security planning.

For additional information on opportunities in the safety and security industry, please contact the Commercial Service safety and security industry specialist at najla.sadeq@mail.doc.gov.

Agricultural Sectors

[Return to top](#)

The United States Department of Agriculture and the Regional Agriculture Trade Office in Dubai report on agricultural issues and statistics for member countries of the Gulf Cooperation Council except for the Kingdom of Saudi Arabia. Agriculture research reports and statistics can be found on the U.S. Department of Agriculture (FAS) web sites as follows: (statistics) http://www.fas.usda.gov/scriptsw/bico/bico_frm.asp and (market research) http://www.fas.usda.gov/scriptsw/attacherep/attache_lout.asp.

For additional information please contact the Foreign Agriculture Service in Dubai web site at www.usembabu.gov.ae/atodubai.htm.

Leading Sectors for U.S. Agricultural Sector

Leading sector # 1: Corn oil

Corn oil is the preferred cooking oil in Kuwait and other Gulf countries. Since 1992, KF MBC, a local firm, has imported U.S. corn oil in bulk and repackaged the oil for retail. Consumption of corn oil, and consequently imports from the U.S., is increasing steadily as the locally packaged oil is competitively priced. Singapore, the United Arab Emirates, Saudi Arabia and Oman, frequently using repackaged U.S. corn oil, are other principal suppliers of corn oil to the Kuwaiti market. In 2006, U.S. and allied forces present in Kuwait and Iraq, commercial interests along with aid shipments to Iraq should generate strong demand from all sources, including the U.S.

Metric tons (000)	2003	2004	2005
Total Market Size	26	28	30
Total Local Production	0	0	0
Total Exports	2	4	4
Total Imports	28	32	34
Total Imports from U.S.A.	16	22	24

Source: ATO-Dubai estimates

Leading Sector # 2: Poultry Meat

U.S. poultry meat, particularly chicken parts and to a lesser degree whole chicken and turkey, are well known for their high quality. This past year witnessed a large influx of branded chicken parts at very competitive prices. Brazil, Saudi Arabia, France and Denmark dominate the market for frozen whole chickens. Brazil and the U.S. dominate the market for chicken parts. Whole chickens represent 90 percent of total chicken meat imports. The preferred size for whole chicken ranges from 900-1,200 grams per bird. Chicken parts are imported in two-pound trays. In 2006, U.S. and allied forces present in Kuwait and Iraq, commercial interests along with aid shipments to Iraq should generate strong demand from all sources, including the U.S.

Metric tons (000)	2003	2004	2005
Total Market Size	90	92	94
Total Local Production	28	28	28
Total Exports	2	6	6
Total Imports	64	70	72
Total Imports from U.S.A.	6	10	10

Source: ATO-Dubai estimates

Leading Sector # 3: Beef

U.S. beef, particularly frozen beef and to a lesser degree chilled beef, are well known for their high quality and are sought after by the higher-end hotels and restaurants. Rapid expansion of the American fast food/quick service restaurants in Kuwait prompted a marked increase in import of U.S. beef. India and Australia are the principal suppliers of frozen beef in the market. Imports from Europe, specifically from Ireland, France and the Netherlands, have been curtailed due to the BSE problem. The ban on U.S. beef was lifted in late December 2004 except for products from Washington State. In 2006, U.S. and allied forces present in Kuwait and Iraq, commercial interests along with aid shipments to Iraq should generate strong demand from all sources, including the U.S.

Metric tons (000)	2003	2004	2005
Total Market Size	17	18	20
Total Local Production	1	1	1
Total Exports	0	1	2
Total Imports	16	18	21
Total Imports from U.S.A.	4.0	1.5	4.0

Source: ATO-Dubai estimates

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

The State of Kuwait is a member of the Gulf Cooperation Council, which includes Bahrain, Oman, Qatar, Saudi Arabia and the United Arab Emirates. The Gulf Cooperation Council (GCC) established a customs union when it promulgated and implemented the Unified Customs Law and Single Customs Tariff. In accordance with GCC guidelines, the Council established a common external tariff of five percent for most imported goods. The Government of Kuwait and other GCC states reserve the right to assess certain exceptions until such time as a uniform list of goods exempt from tariff is adopted by all GCC member states. Kuwait officially approved the Single Customs Tariff on 1 April 2003, thereby setting a five percent import duty (CIF) on most goods. Exempt from the Single Customs Tariff are certain basic food and medicinal/medical items, which are duty free and tobacco products, which are assessed duty at 100 percent.

Duties are to be paid in Kuwaiti Dinar. The Dinar is pegged to the U.S. Dollar on a narrow exchange band of around USD 1 to KD 0.292. U.S. companies needing assistance in determining its harmonized tariff schedule code number or requesting information to specific products may contact either the Trade Information Center at 1-800-USA-Trade or any U.S. Department of Commerce Export Assistance Center located near you.

Valuation

The State of Kuwait implemented the WTO Customs Valuation Agreement (Article VII of the General Agreements on Tariffs and Trade) on 1 January 2001. In compliance with Article VII, Kuwait has agreed to five methods for determining customs valuation. The first criterion is based on transaction value (the price actually paid or payable plus costs and expenses). For transaction value to be applied, the parties must be unrelated. If Kuwait Customs rejects this valuation method, other valuation means can be employed such as transaction value of identical or similar goods, valuation on FOB or CIF values etc.

Customs Union

Kuwait as a member of the Gulf Cooperation Council allows duty free entry of goods meeting the rule of origin criteria of the GCC. To receive preferential duty status, at least forty percent of the value added in each product is effected in a GCC member country and the capital of the producing firm is at least 51 percent owned by citizens of a GCC state.

Trade Barriers

[Return to top](#)

Importers must obtain an annual import license form the Ministry of Commerce and Industry and must be registered with the Ministry of Commerce and Industry and the Kuwait Chamber of Commerce and Industry. Licenses are valid for one year and allow for multiple shipments.

Import licenses for industrial machinery and spares are also required. Licenses are issued by the Industrial Development Commission of the Ministry of Commerce and Industry. Specific licenses are also issued from various ministries and agencies for products including firearms, explosives, drugs/pharmaceuticals, and wild/exotic animals.

Though not a trade barrier, the State of Kuwait prohibits products including pork, pork products, alcoholic beverages, products containing alcoholic beverages, gambling machines, and pornographic materials.

Import Requirements and Documentation

[Return to top](#)

Licenses

Importers must obtain an annual import license form the Ministry of Commerce and Industry and must be registered with the Ministry of Commerce and Industry and the Kuwait Chamber of Commerce and Industry. Licenses are valid for one year and allow for multiple shipments.

Import licenses for industrial machinery and spares are also required. Licenses are issued by the Industrial Development Commission of the Ministry of Commerce and Industry. Specific licenses are also issued from various ministries and agencies for products including firearms, explosives, drugs/pharmaceuticals, and wild/exotic animals.

Documentation

Kuwait documentation procedures require a commercial invoice, a certificate of origin, a packing list and a bill of lading or airway bill to accompany all commercial shipments. Additional licenses or certificates may be required for various products.

Commercial Invoice: One original and two copies are required. The invoice must contain an accurate description of the goods, marks and numbers, net and gross weights in metric measure, quantity, units, total value, country of origin, port and shipping information (name of vessel and transportation means). If products are of U.S.

origin, the invoice must also include a statement that the products being shipped are of U.S. origin and that they have been manufactured in the United States. This rule would also apply to commonwealths or territories of the United States. If the products are of U.S. origin but contain foreign content, the country of origin and percentage of content must be included on the document.

Certificate of Origin: One original and two copies are required. If products are of U.S. origin, the invoice must also include a statement that the products being shipped are of U.S. origin and that they have been manufactured in the United States. This rule would also apply to commonwealths or territories of the United States. If the products are of U.S. origin but contain foreign content, the country of origin and percentage of content must be included on the document.

Packing List: The packing list must provide detailed information on each item contained in any package and must be stamped with the company seal or stamp of the exporter or freight forwarder.

Bill of Lading: Three copies of the bill of lading are required and there is no stipulation as to form. The Bill of Lading must show the name of the shipper, the name and address of the consignee, port of final destination, description of the goods, listing of freight and other charges, the number of bills of lading in the complete set, and the acknowledgement signature that the carrier has confirmed receipt on board of the goods to be shipped.

Given Kuwait's import license regime, the importer license holder's name must appear on the bill of lading. The importer must be a Kuwaiti national.

For questions pertaining to consularization procedures for document authentication, please consult with your importer and freight forwarder/customs broker.

Special Documents

Veterinary Health Certificate: A health certificate is required for the import of animal products. The certificate should state that the products were free from any contagious disease occurring within a radius of thirty miles for six months prior to export. Each shipment of meat or poultry must be accompanied by a statement that slaughtering has been conducted in conformity with Islamic law: the statement must be certified by the local Arab Chamber of Commerce and legalized/consularized by a Kuwaiti Consulate or Embassy.

Additional information may be obtained from the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) at Tel: (301) 734-7885 or Fax: (301) 734-6402 (Veterinary Services) and Tel: (301) 734-8537 or Fax: (301) 734-5786 (Plant Protection and Quarantine). APHIS inspects and certifies that plants, plant products and live animals conform to health and sanitary requirements as mandated by the Government of Kuwait. Exporters should also consult with importers and the appropriate ministry of the Kuwait Government for additional information.

Sanitary/Phytosanitary Certificate: required for plants and plant products. See above.

Certificate of Wholesomeness: fresh and frozen meat and poultry products require a certificate of wholesomeness. Additional information is available from the U.S. Food Safety and Inspection Service, Export-Import Program Analysis, Department of Agriculture, Technical Service Center, Landmark Center, Suite 300, 1299 Farnam St., Omaha, Neb. 68102, Tel: (402) 221-7400 or (800) 233-3935; Fax: (402) 221-7438.

Certificate of Disinfection: a certificate of disinfection or sterilization must accompany shipments of used clothing intended for sale.

Foodstuffs Certificate: The producing company must provide certification in triplicate that the imported foodstuffs do not contain any form of cyclamate compounds. Certificates are to be delivered to the Ministry of Health. Dairy products require a declaration that the product is free from harmful bacteria and other pathogens.

Certificate of Free Sale: Cosmetics, pharmaceuticals, and foodstuffs may require a certificate of free sale stating that the commodities in question are in free circulation in the country of export. A Certificate of Free Sale for cosmetics is available from the Office of Cosmetics and Colors, Center for Food Safety and Applied Nutrition, U.S. Food and Drug Administration, 5100 Paint Branch Parkway, College Park, MD, 20740-3835 or Tel: (301) 436-1143. A Certificate of Free Sale for pharmaceuticals is available from the Office of Compliance, Center for Drug Evaluation and Research, U.S. Food and Drug Administration, 11919 Rockville Pike, Rockville, MD 20852, Tel: (301) 827-8983 or Fax: (301) 827-9069. Applicants should submit the label and complete formula of the pharmaceutical to be exported. The Certificate of Free Sale for foodstuffs is available from the Office of Plant and Dairy Foods and Beverages, Center for Food Safety and Applied Nutrition, U.S. Food and Drug Administration, 5100 Paint Branch Parkway, College Park, MD 20740; Tel: (301) 436-2028 or Fax: (301) 436-2651.

Exporters should consult with their State Departments of Health or State Departments of Commerce to determine whether the respective state or municipality may also issue Certificates of Free Sale.

Certificate of Free Sale-Beauty and Health Products: Imports of cosmetics, beauty and health products require a certificate proving that the manufacturer is licensed by an appropriate authority to produce the product, show that the product and ingredients is safe for use, that the company complies with Good Manufacturing Practices (GMP) of the country of origin, and evidence that the product is scientifically safe when used as directed.

U.S. Export Controls

[Return to top](#)

The Bureau of Industry and Security is charged with the development, implementation and interpretation of U.S. export control policy for dual-use commodities, software, and technology. Dual-use items subject to BIS regulatory jurisdiction have predominantly commercial uses, but also have military applications. In order to accomplish this objective, BIS seeks to promulgate clear, concise, and timely regulations. This section of our Web site provides a link to the Bureau's regulations governing exports of dual-use items (the "Export Administration Regulations"), codified at 15 Code of Federal Regulations, Chapter 7. It also provides discussions of

certain key regulatory policy areas, including policies governing exports of high performance computers, exports of encryption products, deemed exports, U.S. antiboycott regulations, special regional considerations, the multilateral export control regimes, and the technical advisory committees.

In addition to the U.S. export control policy for dual-use items, the Bureau of Industry and Security is also charged with the development, implementation and interpretation of the antiboycott provisions of the Export Administration Act. The antiboycott provisions encourage, and in some cases require, U.S. persons to refuse to participate in foreign boycotts that the United States does not sanction. U.S. persons are also required to report receipt of boycott-related requests.

Key Regulatory Areas

[High Performance Computers](#)

[Encryption](#)

[Deemed Exports FAQ's](#) | [Process Improvements and Guidance](#)

[Antiboycott Regulations](#)

[Regional Considerations](#)

[Multilateral Export Regimes](#)

[Technical Advisory Committees](#)

[Wassenaar Arrangement](#)

Export Administration Regulations

The Government Printing Office's [Export Administration Regulation Web site](#) contains an up-to-date database of the entire Export Administration Regulations (EAR), including the Commerce Control List, the Commerce Country Chart, and a link to the Denied Persons List. EAR revisions are incorporated into this site within 48-72 hours and the EAR can be viewed, downloaded, and searched. This Web site also includes a table with all the Federal Register notices that revise the text of the EAR since its complete revision on March 25, 1996. In addition, users can subscribe to GPO's paper version of the EAR from this Web site. Lastly, users can e-mail the Regulatory Policy Division directly from this Web site, to get answers to general questions about the EAR. Users can also attach a properly formatted advisory opinion (See Section 748.3c for the proper format) and forward it to BIS by e-mail.

The NTIS [EAR Marketplace](#) Web site also offers an up-to-date searchable EAR database and files that are downloadable and viewable. In addition, the EAR Marketplace has a combined, downloadable and searchable version of the Denied Persons List, the Entity List, the Debarred List, and the Specially Designated Nationals List. Subscribers to the EAR on-line database are notified by email whenever a change occurs to any of these lists. The EAR Marketplace also includes a table with all the Federal Register notices that revise the text of the EAR since its complete revision on March 25, 1996. In addition, NTIS offers a loose leaf/paper version of the EAR, which can be ordered on-line.

Temporary Entry

[Return to top](#)

Samples and Advertising Material

Advertising material and samples may be admitted duty free if they are contained in packages describing the advertising nature of the contents and identifying the sender. Materials considered to be in excess of reasonable requirements may be subject to normal customs duty. Tools of the trade and exhibition material likewise are duty free.

Temporary Entry

Goods entered temporarily into Kuwait can be done so under a customs bond with the bond being remitted to the importer upon export of the product or goods in question. The Kuwait Free Trade Zone is located at Shuwaikh Port. The trade zone allows for full trade, service and industrial activities.

Labeling and Marking Requirements

[Return to top](#)

Labeling

Labels stating the country of origin must be shown on all imported goods in such a manner that it cannot be removed or altered. The information appearing on the label must conform to the information listed in the shipping documentation (see above). If it were impossible to label a product i.e. a piece of fruit, a label affixed to the package, container or can would be sufficient. If the product contains components from more than one country, the percentage of each countries components to the overall finished product should be noted.

Special Labels

Chemicals: Chemicals imported into Kuwait must be labeled with the product name, application, ingredients (active), percentages of components and composition, United Nations' CAS-NO, side effects, storage/handling/hazmat instructions, environmental and occupational safety health risk, poison control and disposal instructions.

Pharmaceuticals: Pharmaceutical products must be labeled with the batch or lot number, production date, expiration date, content description, storage information, usage information, indications and contra indications for use, and reference to the pharmacopoeia standards used.

Food Products: Labels must show the product and brand name; origin of any animal fats; batch number; ingredients in descending order of proportion; additives; net contents in metric units; date of production; date of expiration; name and address of manufacturer/packer; country of origin; storage/preparation/handling instructions; and nutritional information where applicable (U.S. nutrition labels would be generally accepted). All meat and poultry products would need to be labeled that the product was slaughtered in accordance with Islamic Law. Information must be in Arabic, however multi-lingual labels are acceptable.

Marking

The outside marking on each package or container should identify the name of the shipper, the name and address of the consignee, the weight of the package, the number of the package if shipped as a part of a bulk shipment, and the country of origin. If products are of U.S. origin, "Made in the U.S.A." should be clearly marked on the package.

Prohibited and Restricted Imports

[Return to top](#)

The State of Kuwait prohibits products including pork, pork products, alcoholic beverages, products containing alcoholic beverages, gambling machines, and pornographic materials and illegal narcotics. Firearms and explosives require special import procedures.

Customs Regulations and Contact Information

[Return to top](#)

Regulations - See above

Customs Contact Information

General Administration of Customs
P.O. Box 16, Safat 13001 Kuwait
Tel: (965) 484-3490
Fax: (965) 483-8055
Email: q8customs@hotmail.com

Kuwait Customs-shipments arriving via air transport
Tel: (965) 473-5993, Fax: (965) 472-6683

Kuwait Customs-Statistics and Auditing Office
Tel: (965) 484-3682 or 484-0472, Fax: 484-6531

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

Overview

[Return to top](#)

The Government of Kuwait informed the World Trade Organization's Committee on Technical Barriers to Trade that it intends to scrap the International Conformity

Certification Program (ICCP) and to replace the current pre-shipment regime with a Kuwait Conformity Assurance Scheme (KUCAS), which will require the importer and local testing facilities to certify conformity of Kuwait and GCC standards. The Embassy of the United States understands that a draft proposal of KUCAS would be released on or about 17 January 2006. There will be an opportunity for interest parties to comment on the proposed rule. Given that the Government of Kuwait has not enacted nor codified the proposed rules change, the U.S. Embassy is providing standards information currently in force.

Standards in Kuwait are governed by the Standards and Metrology Department of the Public Authority for Industry. Approximately 300 standards are currently being applied, with standards being derived from primarily U.S., EU and GCC standards to meet the needs of Kuwait.

Kuwait has adopted several Gulf Cooperation Council standards, including that major white and brown household appliances can operate without a transformer at 240 V/50 Hz and that instruction manuals for durable goods and appliances be translated in Arabic.

Standards Organizations

[Return to top](#)

Standards in Kuwait are governed by the Standards and Metrology Department of the Public Authority for Industry.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

[Return to top](#)

Current Rule

Approximately 300 regulated product categories including electrical and electronic items, chemicals, automobiles, auto parts, certain building materials, food and beverage containers, must conform to Kuwait standard as determined by the Public Authority for Industry (PAI).

In April 2003, the State of Kuwait adopted an import standards program similar to the International Conformity Certificate Program (ICCP) in effect in Saudi Arabia. The certification program applies to nearly forty categories of regulated products (noted above). Kuwait selected Intertek Testing Services (ITS) as its pre shipment testing service. Under the current ICCP regime, products may be registered or licensed by the PAI, thereby reducing the need for full inspection prior to shipment; however, U.S.

exporters must still obtain the certificate of conformity from the PAI country representative. To register, the manufacturer may “self declare” that the products meet Kuwait PAI standards by indicating conformity to the international, EU, US or GCC standard, which is being applied. The manufacturer must make technical files and information substantiating the conformity claim for periodic review by the PAI representative.

Shipments of a number of regulated products and valued at over USD 3,000 are subject to pre shipment inspection at the country of origin. The U.S. exporter must submit a request for certification with the PAI country office in care of ITS, 8125 N.W. 53rd Street, Suite 200, Miami, FL, 33166 Tel: (305) 513-2848; Fax: (305) 513-2865 or e-mail info.Miami.fts@intertek.com. If the product and or shipment meet Kuwait requirements, ITS will issue a certificate of conformity to the exporter and notify the Public Authority for Industry (PAI).

Product Certification

[Return to top](#)

See Conformity Assessment above

Accreditation

[Return to top](#)

PAI country office in care of ITS, 8125 N.W. 53rd Street, Suite 200, Miami, FL, 33166 Tel: (305) 513-2848; Fax: (305) 513-2865 or e-mail info.Miami.fts@intertek.com.

Publication of Technical Regulations

[Return to top](#)

N/A

Labeling and Marking

[Return to top](#)

Chemicals: Chemicals imported into Kuwait must be labeled with the product name, application, ingredients (active), percentages of components and composition, United Nations' CAS-NO, side effects, storage/handling/hazmat instructions, environmental and occupational safety health risk, poison control and disposal instructions.

Pharmaceuticals: Pharmaceutical products must be labeled with the batch or lot number, production date, expiration date, content description, storage information, usage information, indications and contra indications for use, and reference to the pharmacopoeia standards used.

Food Products: Labels must show the product and brand name; origin of any animal fats; batch number; ingredients in descending order of proportion; additives; net contents in metric units; date of production; date of expiration; name and address of manufacturer/packer; country of origin; storage/preparation/handling instructions; and nutritional information where applicable (U.S. nutrition labels would be generally accepted). All meat and poultry products would need to be labeled that the product was slaughtered in accordance with Islamic Law. Information must be in Arabic, however multi-lingual labels are acceptable.

Contacts

[Return to top](#)

PAI country office in care of ITS , 8125 N.W. 53rd Street, Suite 200, Miami, FL, 33166
Tel: (305) 513-2848; Fax: (305) 513-2865 or e-mail info.Miami.fts@intertek.com.

Trade Agreements

[Return to top](#)

Regional Trade Agreements

Customs Union: Kuwait as a member of the Gulf Cooperation Council allows duty free entry of goods meeting the rule of origin criteria of the GCC. To receive preferential duty status, at least forty percent of the value added in each product is effected in a GCC member country and the capital of the producing firm is at least 51 percent owned by citizens of a GCC state.

Bilateral Investment Treaties

Kuwait has signed investment agreements with Germany, France, Italy, Russia, China, Romania, Poland, Hungary, Turkey, Malaysia, Pakistan, Switzerland, Malta, Finland, Ethiopia, Croatia, Tajikistan, Austria, Bulgaria, Kazakhstan, Morocco, Mongolia and the Czech Republic. In the past few years, Kuwait has signed a bilateral investment agreement with Pakistan and a free trade agreement (FTA) with Jordan. Kuwait has initialed agreements on bilateral investment with Denmark, Belgium, the Netherlands, Thailand, Ukraine, Latvia, Lithuania, Lebanon, Bosnia/Herzegovina, and India. Kuwait began talks with Singapore on a Free Trade Agreement in December 2004.

Trade and Investment Framework Agreement

Kuwait signed a trade and Investment Framework Agreement (TIFA) with the United States in February 2004. The TIFA is the first step in developing economic reform and trade liberalization criteria to strengthen the U.S. –Kuwait economic relationship and to work toward an eventual Free Trade Agreement. At the first bilateral TIFA Council meeting, held in May 2004 in Washington, D.C., it was agreed that the TIFA process would provide for periodic technical discussions. Several areas in particular stand out as needing further attention: intellectual property rights, standards-related issues, and service and investment requirements. Technical experts on both sides continue to work on these areas. The U.S. Embassy in Kuwait, the Kuwaiti Embassy in Washington, the USTR, and the Kuwaiti Ministry of Commerce and Industry are working on bringing all sides together for a working-level TIFA technical meeting in the first half of 2006.

Web Resources

[Return to top](#)

Government of Kuwait: Public Authority for Industry <http://www.pai.gov.kw>

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[Return to table of contents](#)

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Openness to Foreign Investment

[Return to top](#)

The Council of Ministers approved the implementing regulations for its new Direct Foreign Capital Investment Law-Law No. 8/2001- passed by the National Assembly on March 11, 2001, through Resolution No. 1006/1/2003 on November 1, 2003. The legislation authorizes foreign-majority ownership and 100 percent foreign ownership in certain industries including: infrastructure projects (water, power, waste water treatment or communications); investment and exchange companies; insurance companies; information technology and software development; hospitals and pharmaceuticals; air, land and sea freight; tourism, hotels, and entertainment; housing projects and urban development. Projects involving oil discovery or oil and gas production are not authorized for foreign investment and must be approved by a separate law.

The Direct Foreign Capital Investment Law promotes foreign investment in Kuwait; authorizes tax holidays of up to ten years for new foreign investors; facilitates the entry of expatriate labor; authorizes land grants and duty-free import of equipment; provides guarantees against expropriation without compensation; ensures the right to repatriate profits; and protects the confidentiality of proprietary information in investment applications, with penalties for government officials who reveal such data to unauthorized persons. New investors will be protected against any future changes to the law. Full benefit of these incentives, however, will be linked to the percentage of Kuwaiti labor employed by the new venture. The investor will also be obliged to preserve the safety of the environment, uphold public order and morals, and comply with instructions regarding security and public health. While the Direct Foreign Capital Investment Law is on the books, foreign companies still report numerous delays in getting approval to operate in Kuwait and the law does not appear to have changed the investment climate all that much. (The Minister of Commerce and Industry did not renew the term of the Assistant Undersecretary who is in charge of the Direct Foreign Investment Office). Some reports

claim that the Minister will cancel or change it into an authority after a recent report by the Economic Reform Committee describing it as complete failure).

Foreign firms still may not invest in the upstream petroleum sector, although they are permitted to invest in petrochemical joint ventures; Dow Chemical, a partner in EQUATE, is the only foreign company involved in a petrochemical joint venture. Implementing legislation brought before Parliament in January 2004 would allow for limited, controlled investment in the petroleum sector. This law was submitted specifically to allow for investment in and development of Kuwait's northern oilfields, but may be used to allow for other investment in the petroleum sector in the future.

Kuwait's economy has been dominated by the state and the nationalized oil industry since the early 1970s despite efforts by the government to divest. The government acquired major holdings in private Kuwaiti firms -- particularly banks and insurance companies -- following stock market crashes in 1979 and 1982. After liberation from Iraq (early in 1991), the government passed a debt settlement law and purchased outstanding debts emanating from the stock market crashes and the Gulf War. Between 1995 and 1998, the government successfully divested over 50 percent of its equity holdings in private firms by selling off its full holdings in 28 firms and portions of holdings in 17 other firms, earning some US \$3.2 billion. The program was suspended in 1998 because of weakness of the Kuwait Stock Exchange, but resumed in May 2001 when the Kuwait Investment Authority sold 113 million shares (about 24 percent) of the Mobile Telecommunications Company (MTC). There were six times as many prospective buyers as could be accommodated. The sale fulfilled the government's intention to reduce its equity in MTC from 49 percent to 25 percent.

Established after the 1982 stock market crash, the Kuwait Stock Exchange (KSE) is the second largest bourse in the Arab world after Saudi Arabia's NCFEI. KSE lists 151 Kuwaiti companies and 15 companies from other Gulf States. It reopened in 1992 following the Gulf War and has a market capitalization of US \$ \$122.5billion (KD 35 billion) as of December 2005, an increase of 66% from 2004. The index grew 389 percent between 1994-2003 as the government divested itself of private holdings. KSE boasts the region's first trading floor for women and is in consultations with a British firm on establishing a Capital Markets Authority to serve as an independent regulatory body similar to the U.S. Securities and Exchange Commission.

The National Assembly ratified the "Indirect Foreign Investment Law" in August 2000, allowing foreigners to own 100 percent of all listed shareholding companies, except banks. The banking sector was opened under the Direct Foreign Investment Law and the Central Bank has already granted licenses to three foreign banks; BNP Paribas and HSBC are already doing business in Kuwait, while Citibank expects to begin operations in 2006. However, while foreign banks may now operate in Kuwait, they are restricted to opening only one branch. Kuwait's banking sector is regulated by the country's effective Central Bank and is comprised of specialized, Islamic and commercial banks. There are two specialized banks: Kuwait Real Estate Bank (undergoing conversion into an Islamic bank) and Industrial Bank of Kuwait. With the conversion of KREB, there will be three Islamic banks to include Kuwait Finance House (1977) and Bubyank Bank (2004). The seven commercial banks include National Bank of Kuwait (1952), Commercial Bank of Kuwait (1960), Gulf Bank (1960), Al-Ahli Bank of Kuwait (1967), The Bank of Kuwait and the Middle East (1971), Burgan Bank (1976) and Branch Bank of Bahrain and Kuwait (1977).

On July 9, 2001, the Kuwaiti government announced an ambitious five-year privatization program, which closely resembled past initiatives. The plan outlined a wide range of activities, but with little detail. The first year called for privatizing some gas station outlets and part or all of Kuwait Airways, which has operated at a loss since 2000. Year two initiated privatization of post office, telegraph, and telecommunication services. Years three and four will complete the telecommunication privatization and initiate the privatization of the Ports Authority and Public Transport Company. The fifth and final year targets the power and water sectors, as well as Kuwait's Petrochemical Industries Company (PIC). Kuwait's National Assembly has made clear that any privatization program will have to insulate consumers from significant rate increases and protect the jobs of Kuwaiti employees. Little of the 2001 five-year plan has been implemented. Kuwait Airways, which is still a government entity, is still operating at a significant loss and now faces direct local competition from the new, private Jazeera Airways; another private airline, Al-Wataniya, was recently licensed and will be formed soon. While both mobile telephone companies in Kuwait are private, the Ministry of Communication still sets tariffs, which are high. None of the other communication services have yet been privatized, though talk is increasing of privatizing landlines. The ports and transport sector have not been privatized either. The energy and power sector has seen the most progress in privatization. Forty of the 120 government-owned gas stations have been privatized, with plans to privatize the rest in two additional rounds. The outcome will be three competing gas station companies, with gas still subsidized by the government and set in a price range. The government-owned lubrication oils plant was privatized in 2004 as were the coke smelter operations. Kuwait's PIC is now operating a joint private venture with Dow Chemicals called Equate, and the operation has proven to be a successful, profitable model of both privatization and foreign investment. On the heels of Equate's success, Dow and PIC have formed two more ventures which have already been tendered.

Build, Operate and Transfer (BOT) projects are gaining increasing acceptance in Kuwait, with BOT projects proposed in the power, wastewater, real estate development and transport sectors. After nearly four years of deliberation the Sulaibiya Waste Water Treatment BOT contract was signed in May 2001. The winning consortium, which included U.S. firms, projected revenues of US \$390 million over 10 years. The project, which was commissioned in 2004, now processes 50 million gallons of wastewater daily to be used for irrigation.

There have also been selected real estate BOT projects by privately owned Kuwaiti companies. The first-class US \$132 million Sharq Mall, owned by the National Real Estate Company, contains retail outlets, restaurants, theaters, and entertainment concessions. More recently, the Fifth Waterfront Development Project constructed Marina Mall. This US \$162 million BOT is owned by the United Realty Company and features high-end retail, eating, and entertainment outlets. A future BOT is planned for a central incinerator in the Shuaiba Industrial Area, a project that stipulates foreign participation with at least 25 percent equity.

Foreign-owned firms and the foreign-owned portions of joint ventures are the only businesses subject to corporate income tax, which applies to domestic and offshore income. Corporate tax rates can be as high as 55 percent of net profits, but the government has put forward legislation to reduce the maximum rate to 25 percent. New foreign investors can be exempted from all taxes for up to 10 years under the new Direct Foreign Capital Investment Law. As of January 2004, the new draft taxation law lowering the corporate tax rate to 25% on all sectors was still held up in Parliament.

Kuwaiti firms are not subject to the corporate income tax, but those registered on the Kuwait Stock Exchange (shareholding companies) are required to contribute 2.5 percent of their national earnings to the Kuwait Foundation for the Advancement of Science (KFAS). The National Employment Law levies an additional 2.5 percent tax that will fund a program granting Kuwaitis working in the private sector the same social and family allowances provided to Kuwait's government workers. Kuwait levies no personal income tax.

Tax exclusions – besides those offered under the new Direct Foreign Capital Investment Law – for business expenses are limited and Kuwait's tax code is often ambiguous. For example, deductions are only three percent for agent commissions and head office expenses (mainly for turnkey supply and installation-type contracts). Similar tax ambiguities exist in terms of defining foreign companies' taxable presence in Kuwait, and several foreign firms are engaged in an ongoing dispute over their tax liabilities.

The licensing authority of the Ministry of Commerce and Industry screens all proposals for direct foreign investment. In the past, this authority has encouraged high-tech industries over sectors viewed to be saturated, such as the hotel industry. The Foreign Capital Investment Committee (FIC), chaired by the Minister of Commerce and Industry and including representatives from the private and public sectors, will authorize investment incentives put forth under the new Foreign Investment Law on a case-by-case basis. Foreign companies have reported numerous delays in gaining authorization, some waiting up to 18 months for approval.

Conversion and Transfer Policies

[Return to top](#)

After 27 years of linking the Kuwaiti Dinar (KD) exchange rate to a basket of currencies, Kuwait decided to peg the Dinar to the US dollar under a flexible peg from the beginning of 2003. The move is in preparation for the adoption of a single GCC currency in 2010. The Central Bank of Kuwait (CBK) will retain a band of plus or minus 3.5 percent in order to ensure a smooth evolution of the historic behavior of the KD that has traded within the specified band since liberation. Since 1997, the KD has fluctuated within a 3 percent band against the dollar*. There are no restrictions on current or capital account transactions in Kuwait beyond the requirement that all foreign exchange purchases be made through a bank or licensed foreign exchange dealer. Equity, loan capital, interest, dividends, profits, royalties, fees and personal savings can all be transferred in or out of Kuwait without hindrance. Under the new Foreign Investment Law, investors are also permitted to transfer all or part of their investment to another foreign or domestic investor.

**Source: National Bank of Kuwait Economic & Financial Review, June 2003.*

Expropriation and Compensation

[Return to top](#)

There have been no recent cases of expropriation or nationalization involving foreign investments in Kuwait. Nevertheless, as a safeguard, the new Direct Foreign Capital Investment Law guarantees against expropriation or nationalization except for the public benefit in accordance with existing laws; in this case, compensation will be provided without delay for the "real economic value of the project at the time of expropriation." When foreign

companies were nationalized in the past, as with Kuwait's oil industry in the 1970s, the foreign interests were compensated promptly and effectively.

Dispute Settlement

[Return to top](#)

The Foreign Investment Law stipulates that Kuwaiti courts alone are responsible for adjudicating any disputes involving a foreign investor and other parties, although arbitration is permitted. Few contracts in Kuwait contain clauses specifying recourse to traditional commercial and political negotiation. According to the Central Bank of Kuwait, the Kuwaiti judicial system recognizes and enforces foreign judgments only when reciprocal arrangements are in place. Kuwait is a signatory to the International Center for the Settlement of Investment Disputes (ICSID, i.e. the Washington Convention). There have been no investment disputes involving American firms in Kuwait in over five years; commercial disputes are more common. In both cases, the slow pace of Kuwait's legal system often frustrates American claimants.

Kuwait has a developed legal system and a strong trading history. It has a civil code system influenced by Islamic law. As a traditional trading nation, Kuwait's judiciary is familiar with international commercial laws. Kuwait has been a GATT member since 1963 and has signed a WTO agreement. Kuwait, however, is not a signatory to the WTO Government Procurement Code.

A feature of Kuwaiti law which U.S. business should be aware of is the application of travel bans which may be applied against individuals who have civil or criminal cases registered against them. The ban prevents individuals from departing Kuwait until the pending matter is settled or acceptable guarantees are offered. There have been indictments in which former Kuwaiti business partners have managed to have travel bans imposed on former U.S. partners for allegedly violating Kuwaiti civil law. Though very infrequent, such cases highlight the need to take extra care before entering into long-term business relationships in Kuwait.

Performance Requirements and Incentives

[Return to top](#)

Government Procurement Requirements

Law No. 37 of 1964 (Articles 43 and 44) specifies the use of local products when available and prescribes a 15 percent price advantage for local firms in government tenders.

Boycotts

Kuwait publicly announced in June 1993 the end of enforcement of the secondary and tertiary Arab League boycotts of Israel. Although there are occasional reports that some tender requests contain boycott clauses reportable under U.S. anti-boycott laws, these usually result from clerical errors or the use of outdated forms. Kuwait maintains an open boycott office in its Customs Department, and has stated that it will wait for Arab League action before eliminating the primary boycott of Israeli-owned companies operating in Israel.

Shipping Requirements

The Kuwaiti government has insisted that cargoes for government projects originating in U.S. ports will no longer be prevented access in favor of the United Arab Shipping Program.

Participation In Research And Development

There are no specific restrictions on foreign participation in government-financed or subsidized research and development, but little activity of this kind has occurred to date. The Kuwait Institute for Scientific Research (KISR) has expressed interest in working with foreign firms. The government would welcome programs that provide expertise unavailable locally, but these are likely to be evaluated on a case-by-case basis.

Visa and Work Permit Requirements

Kuwait has a stringent visa regime and most work permits require a local sponsor. The Foreign Investment Law, however, may redress this problem for new investors. Reciprocal changes between the U.S. and Kuwait--particularly the introduction of a 10-year multiple entry visa--have benefited U.S. business travelers. Visa requirements for citizens of 34 nations, including the United States, were relaxed in 2004 allowing for application for a visa at the airport upon arrival. Foreign-born U.S. citizens, especially those of Middle Eastern descent, sometimes experience difficulties with visa and residency applications. Any problems experienced by potential U.S. visitors should be referred to the American Embassy or to the Bureau of Consular Affairs, Department of State.

Right to Private Ownership and Establishment

[Return to top](#)

Rights to private ownership and establishment are respected in Kuwait, although foreigners face selected restrictions. Licenses from the Ministry of Commerce and Industry are required for the establishment of all new companies, and government authorization is required for any incentives offered by the new Foreign Investment Law. As stated above, foreign ownership is restricted or prohibited in some sectors of the economy, and non-GCC citizens may not own land in Kuwait.

Kuwaiti law severely restricts the types of collateral to which creditors may have recourse in the event of default by a borrower. Banks may not foreclose on residential real estate property or personal possessions in the event of default, although they may sue the borrower for the balance due under the loan contract. Borrowers typically pledge a portion of their future severance benefits as collateral for a bank loan.

Protection of Property Rights

[Return to top](#)

Kuwait was elevated to the USTR's Special 301 Watch List in 2004 due to continued failure to address serious and rampant copyright infringement, and its failure to amend its copyright law. Kuwait did not implement the 2002-work plan that outlined steps it would take to increase IPR enforcement. In 2003, Kuwait still had insufficient enforcement and penalties remained inadequate to deter IPR violators. Problems

continued with Kuwait having the worst optical disc piracy rate in the region as well as problems with software piracy.

In 2004, the Kuwait Customs authority established a special IPR unit and began taking some enforcement actions. Other Kuwaiti ministries, most notably the Ministry of Commerce and Industry, began taking a more active role in copyright enforcement. A new copyright bill was to be put before the National Assembly in 2005.

Kuwait's patent and trademark legislation passed the National Assembly in December 2000 and took effect on 14 January 2001. The legislation was to make Kuwait compliant with the World Trade Organization's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). The legislation affords protection of twenty years and extends coverage to include pharmaceuticals. Industrial designs and integrated circuits are afforded protection of between 10 to 15 years. Though legislation is in place, penalties are light and do not act as a deterrent. Trademarks can be registered in Kuwait for ten years and renewed in additional ten-year increments indefinitely. If a trademark has not been used for a five-year period, an interested party can apply to the judicial system to have the trademark rescinded. Registration affords the owner exclusive rights to use the trademark, and third parties would be barred from the use of the trademark. Since trademark registration is linked to the Kuwaiti agent, the trademark would need to be again registered when a mark holder signs a new agent or distributor.

Transparency of Regulatory System

[Return to top](#)

Kuwait has not developed effective antitrust laws to foster competition, and its bureaucracy often resembles that of a developing country. Kuwait's open economy has generally promoted a competitive market. When government intervention occurs, however, it is usually to the benefit of Kuwaiti citizens and Kuwaiti-owned firms.

Efficient Capital Markets and Portfolio Investment

[Return to top](#)

Kuwait has a free, but inefficient, capital market where credit is allocated on market terms. Foreign investors can obtain credit through local banks. With the help of government subsidies, the financial markets -- and particularly the commercial banks -- operated throughout the 1980s primarily to collect funds for the re-lending to favored customers. Payment discipline was lax and real economic losses common. Under a bank stabilization program introduced in 1992, the Central Bank of Kuwait purchased all of the outstanding domestic credits of Kuwait's commercial banks while eliminating all guarantees for profits, equity, and liabilities other than the banks' deposit liabilities. Henceforth, all losses would stay with the banks, which would be responsible for the management of all their assets and liabilities. In addition, the Central Bank improved bank supervision, resulting in a fairer and more efficient distribution of credit throughout the Kuwaiti banking system. Each of Kuwait's six commercial banks reported continued earnings growth in 2002.

BANK ASSETS

Kuwait's banks have not yet released their 2005 annual reports. The assets of Kuwait's commercial banks on December 31, 2004 were: (in '000s)

BANK	KD	U.S. \$ equivalent
National Bank of Kuwait	5,850,000	20,034,000
Gulf Bank	2,584,000	8,806,000
Commercial Bank of Kuwait	2,103,000	7,202,000
Al-Ahli Bank	1,644,000	5,630,000
Burgan Bank	2,107,000	7,216,000
Bank of Kuwait and the Middle East	1,744,000	5,973,000
TOTAL	16,032,000	54,861,000

(US \$1 equals KD 0.291 as of Jan. 1st, 2005-CBK)

The quality of local banks varies from blue chip, world-class to weak. Some bank assets have been non-performing in the past. The balance sheets of some local banks are heavily weighted toward lower-yielding government bonds. Legal, regulatory, and accounting systems are opaque but are generally consistent with international norms. The Central Bank of Kuwait requires annual reports from local banks to meet international accounting standards. U.S. businesspeople are advised to seek local legal and financial advice for complicated investments and transactions.

There are few defensive measures to protect against hostile takeovers, which are rare in Kuwait. There is no evidence of private sector or government efforts to restrict foreign participation in industry standards-setting consortia or organizations. U.S. suppliers often have trouble, however, complying with specifications that are technologically tailored to other (usually European, especially U.K.) suppliers. In addition, American suppliers' preference for turnkey projects often does not mesh with Kuwait's preference to split projects into a series of separately tendered smaller projects.

Finally, U.S. investors should be aware that family, clan, and tribal ties throughout the business community and government can restrict foreign participation, investment, and control of domestic enterprises. Kuwait is a very big small town.

Political Violence

[Return to top](#)

Politically Motivated Damage to Projects and/or Installations

The potential for terrorist actions throughout the Persian Gulf region remains high, and the Government of Kuwait continues to take aggressive steps to ensure domestic security. Between October 2002 and January 2004, there were four terrorist attacks targeting Americans in Kuwait, killing two Americans and wounding four others. In January 2005, security forces were involved in shootouts with a local terrorist group in a shopping district; several members of the group were later arrested.

Corruption

[Return to top](#)

The often-lengthy procurement process in Kuwait occasionally results in accusations of attempted bribery or the offering of other inducements by foreign bidders. This is a crime in Kuwait and there are currently several investigations and trials underway involving current or former government officials accused of malfeasance. There have been no convictions for bribery, however, since the end of the Gulf War. In 1996, the government passed Law No. 25, which requires all companies securing contracts with the government valued at KD 100,000 (US \$336,000) or more to report all payments made to Kuwaiti agents or advisors while securing the contract. The law similarly requires entities and individuals in Kuwait to report any payments they received as compensation for securing government contracts.

Bilateral Investment Agreements

[Return to top](#)

Kuwait has signed investment agreements with Germany, France, Italy, Russia, China, Romania, Poland, Hungary, Turkey, Malaysia, Pakistan, Switzerland, Malta, Finland, Ethiopia, Croatia, Tajikistan, Austria, Bulgaria, Kazakhstan, Morocco, Mongolia and the Czech Republic. In the past few years, Kuwait has signed a bilateral investment agreement with Pakistan and a free trade agreement (FTA) with Jordan. Kuwait has initialed agreements on bilateral investment with Denmark, Belgium, the Netherlands, Thailand, Ukraine, Latvia, Lithuania, Lebanon, Bosnia/Herzegovina, and India. Kuwait began talks with Singapore on a Free Trade Agreement in December 2004.

Trade and Investment Framework Agreement

Kuwait signed a trade and Investment Framework Agreement (TIFA) with the United States in February 2004. The TIFA is the first step in developing economic reform and trade liberalization criteria to strengthen the U.S. –Kuwait economic relationship and to work toward an eventual Free Trade Agreement. At the first bilateral TIFA Council meeting, held in May 2004 in Washington, D.C., it was agreed that the TIFA process would provide for periodic technical discussions. Several areas in particular stand out as needing further attention: intellectual property rights, standards-related issues, and service and investment requirements. Technical experts on both sides continue to work on these areas. The U.S. Embassy in Kuwait, the Kuwaiti Embassy in Washington, the USTR, and the Kuwaiti Ministry of Commerce and Industry are working on bringing all sides together for a working-level TIFA technical meeting in the first half of 2006.

OPIC and Other Investment Insurance Programs

[Return to top](#)

In 1989, Kuwait concluded an agreement with the U.S. on investment guaranty programs, which facilitated the extension of programs from the Overseas Private Investment Corporation (OPIC) to Kuwait. Kuwait is also a member of the Multilateral Investment Guarantee Agency (MIGA). Currently there are no OPIC programs in Kuwait.

Labor

[Return to top](#)

Kuwait has a diverse labor force. Kuwaiti nationals occupy most of the top management positions in the private and government sectors. Unemployment among Kuwaitis is less than

two percent, but is rising as a result of a growing influx of young Kuwaitis into the labor force (20,000 to 25,000 annually). The new entrants are reluctant to enter the private sector and cannot be absorbed by the government, where underemployment remains a serious problem. Kuwaitis are outnumbered in the work force by expatriate laborers of diverse backgrounds. While there are a number of American and Western European workers in Kuwait, particularly in high-skilled positions, the vast majority of expatriate workers are low paid laborers from other Middle Eastern countries, South Asia, and the Philippines. Prior to the Gulf War (1991), Palestinians occupied many of the country's middle-management positions. Since the war, workers of other nationalities, often Egyptians or South Asians, have filled most of these positions. Since liberation, the Government of Kuwait has adopted inconsistent policies intended to limit and discourage the resident expatriate population. The government has instituted a quota system on work permits, restricted the transfer of workers from one sponsor to another within the private sector for a minimum of two years, and levied new fees on expatriate workers and their families in order to raise the cost of employing foreign workers. At the same time, however, the government has reduced the minimum salary required for expatriates (in some business categories) to be eligible to bring their dependents to Kuwait, lowering it from 400 KD a month to 250 KD a month.

Kuwaiti workers have the right to organize and bargain collectively, but Kuwaiti law prevents the establishment of more than one union per functional area or more than one general confederation. Foreign workers, who constitute the vast majority of the work force, are permitted by law to join unions as non-voting members after five years of residence in Kuwait. The right to strike is also recognized for private sector workers, although provisions calling for compulsory negotiation and arbitration in the case of disputes limit that right. Kuwaiti labor law prohibits anti-union discrimination.

Separate Kuwaiti labor laws set work conditions in the public and private sectors, with the oil industry treated separately. Forced labor is prohibited and the minimum age for employment is 18 years. Youths as young as 14, however, may work part-time in some non-industrial positions. A two-tiered labor market ensures high wages for Kuwaiti employees while foreign workers, particularly unskilled laborers, receive substantially lower wages. There is no minimum wage for the private sector; in the public sector, the current effective minimum wage is KD 226 (US \$741) per month for Kuwaiti bachelors and KD 301 (US \$987) per month for married Kuwaitis--compared to KD 90 (US \$295) for non-Kuwaitis. The basic labor law also limits the workweek to 48 hours, provides for a minimum of 14 days of leave per year, and establishes a compensation schedule for industrial accidents. Current labor laws do not apply to domestic servants. The State Department's annual Human Rights Report and Trafficking in Persons Report highlight the vulnerability of domestic servants to exploitation. The Ministry of Social Affairs and Labor announced a draft law to give domestic servants some of their rights like limited number of weekly work hours, minimum salary, and a weekly holiday.

The International Labor Organization's (ILO) Committee of Experts has reiterated its longstanding criticisms of the discrepancies between the Kuwaiti Labor Code and ILO Conventions 1, 30, and 87 regarding hours of work and freedom of association. Areas criticized by the ILO include the prohibition to establish more than one trade union for a given field; the requirement that a new union have at least 100 workers; the regulation that workers must reside in Kuwait for five years before joining a trade union; the denial of the right to vote and to be elected for foreign trade unionists; the prohibition against trade

unions engaging in any political or religious activity; and the reversion of trade union assets to the Ministry of Social Affairs and Labor in the event of dissolution. A new labor law, which would award private sector workers more benefits, establish a minimum wage, and broaden rights to establish unions has been endorsed by the Council of Ministers but has not yet been referred to the Parliament for approval.

Foreign-Trade Zones/Free Ports

[Return to top](#)

In July 1995, the National Assembly passed Law No. 26 authorizing the Ministry of Commerce and Industry to establish free trade zones in Kuwait. In May 1998, the privately-owned National Real Estate Company signed a contract with the Ministry to operate, manage, and market the 50 square-kilometer Kuwait Free Trade Zone (KFTZ) at Shuwaikh port, which was inaugurated in November 1999. Many restrictions faced by foreign firms, such as corporate taxes, do not apply to offices or plants within the KFTZ. Some 90 percent of space within the KFTZ has been leased; the majority of firms operating in the zone are Kuwaiti.

Foreign Direct Investment Statistics

[Return to top](#)

Kuwaiti public investments abroad consist of portfolio investments held by the Kuwait Investment Authority, direct investments of other government entities, as well as those held by private Kuwaitis. The amount of investments of the KIA is a state secret, but is estimated at more than US \$80 billion. Details about non-KIA investments -- such as the Kuwait Petroleum Corporation's interests in oil production, refining, and distribution -- are equally murky. The holdings of private Kuwaitis, in both direct and portfolio investments, are believed to be some US \$100 billion. Other major investors in Kuwait include the Japanese-owned Arabian Oil Company, which holds the Kuwaiti offshore concession in the Partitioned Neutral Zone (PNZ), and Dow Chemical, which has a 45 percent stake in the US \$2 billion Equate project, a petrochemical joint venture with the Petrochemical Industries Company (PIC) that began operation in 1997. (Although the U.S.-owned Saudi Arabian Texaco is headquartered on the Kuwait side of the PNZ, it operates under a Saudi concession for Saudi Arabia's share of the onshore oil resources in the PNZ.)

Web Resources

[Return to top](#)

Ministry of Commerce & Industry
Tel: (965) 248-3393/246-9335
Fax: (965) 245-1128

Public Authority for Industry
<http://www.pai.gov.kw>

Ministry of Finance:
<http://www.mof.gov.kw/index11.html>

Central Bank of Kuwait
<http://www.cbk.gov.kw>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

Traditionally, Kuwait banks offer the full range of financial services needed to conduct commercial transactions or develop projects in the State of Kuwait. Letters of Credit (LCs) are traditional instruments for private-sector transactions. LCs may be confirmed by a prime U.S. bank for additional exporter assurance. As U.S. exporters develop longer-term relationships and there is greater trust in the credit-worthiness of all parties, companies may be willing to accept documents against payment (d/p) or documents against acceptance (d/a). Deferred payment schedules are not common except in cases of large transactions where supplier financing plays a role.

Companies bidding on Government of Kuwait contracts should pay careful attention to the way proposals are prepared and should strictly follow the administrative specifications. Financing costs and foreign exchange rate risks, wherever applicable, should be factored into the bid price. Bids, which do not comply with administrative specifications (which include financial criteria), are generally rejected. Government tenders often require bid and performance bonds.

Their local representative, sponsor or account executive will pay foreign companies involved in government tendered major projects. The concerned ministry or department will issue a check in honor of the beneficiary to be drawn at a local bank. In turn, the beneficiary will remit the amount due to the foreign company (contractor).

How Does the Banking System Operate

[Return to top](#)

Commercial Banks in Kuwait are supervised under the authority of the Central Bank. The banking sector is fundamentally sound. The State of Kuwait has seven commercial banks with approximately 140 branches. The largest bank is the National Bank of Kuwait, which also maintains an international network. With an amendment to the Banking Law of 1968, the National Assembly allowed foreign banks to establish operations in Kuwait. BNP Paribas, the Abu Dhabi National Bank and Hong Kong Shanghai Bank (HSBC) operate here.

There are three specialized government-owned banks providing medium and long-term financing. The Industrial Bank of Kuwait offers financing for industrial and agricultural related projects. The Kuwait Real Estate Bank offers financing of residential and commercial property developments. The Credit and Savings Bank acts as a type of loan agency for the purchase of single-family or multi-family residential units.

Foreign-Exchange Controls

[Return to top](#)

The Kuwaiti Dinar is pegged to the U.S. Dollar within a band ranging from USD 1 equals KD 0.289 to KD 0.310. The Dinar is freely convertible, and given strong foreign-currency earnings and foreign-currency reserves, the Dinar's exchange rate vis-à-vis most major international currencies strengthened alongside the U.S. Dollar in 2005.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

U.S. and U.S.-affiliated investment and commercial banks present in the State of Kuwait include Bank of New York, JP Morgan Chase, American Express, Citibank, Wachovia Bank, Deutsche Bank-New York and the Bank of New York.

Project Financing

[Return to top](#)

The United States Export Import Bank (EXIM) facilities are available for public sector imports of U.S. goods and services via the Kuwait Investment Authority (the sole government body to borrow on behalf of the State of Kuwait, government ministries, departments and agencies). Private entities can obtain financing through local or international commercial banks. Apart from U.S. and international governmental financial institutions, there are several Kuwait Government owned banks providing medium and long-term finance. These institutions are the following:

Gulf Investment Corporation

The Gulf Investment Corporation (GIC) is headquartered in Kuwait and was established by the governments of the Gulf Cooperation Council (Bahrain, Kuwait, Saudi Arabia, Qatar, Oman and the UAE). The GIC is a multi-service financial institution. Its primary objective is to offer a wide range of financial services to both corporate and private investors. The GIC offers portfolio management, financial advisory services, bond and equity issues, direct investment support and capital market activities. Investment is focused on manufacturing, agriculture, industrial services and minerals exploration.

The International Investor (TII) and the International Investment Group (IIG)

Both institutions are private Islamic investment groups offering project and export finance support.

Kuwait is a member of the World Bank's International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency.

Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Government of Kuwait Web sites:

Ministry of Finance:
<http://www.mof.gov.kw/index11.html>

Central Bank of Kuwait
<http://www.cbk.gov.kw>

Kuwait Stock Exchange
<http://www.kuwaitse.com/DefaultE.aspx>

Institute of Banking Studies
www.kibs.org

Credit and Savings Bank
Tel: (965) 242-4387/242-6974/240-8534, Fax: 242-5516

Kuwait Investment Authority
<http://www.kia.gov.kw/kia>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

Business executives or account executives will have no communication difficulties with their Kuwaiti counterparts. English is widely spoken and many Kuwaiti business leaders were educated overseas.

In General, a personal relationship is an important basis for a successful business relationship in Kuwait. It is usually important to allow for friendly conversation before commencing with a business agenda. Business cards are almost always exchanged, and visitors are usually offered a glass of tea, coffee or fruit juice.

Appointments with business managers often occur after 9:00. The scheduling of appointments is critical as many senior executives and key decision-makers maintain extensive travel schedules outside of Kuwait. This is particular to summer months, as business executives tend to depart Kuwait to escape the oppressive heat that can often hover at or above 50 Celsius.

Kuwait attracts nationals from over 120 countries who live and work in the nation. Kuwaitis are hospitable, and they usually invite foreign business guests to their diwanis (meeting places) in the evenings or to their private villas on weekends.

Travel Advisory

[Return to top](#)

Kuwait's crime rate is moderate and violent crime is rare. Crime against the American community is low. Sexual harassment of women does occur, and suitable precautions should be taken. Visitors to Kuwait should dress conservatively, exercise prudent security measures and be sensitive to social and cultural norms in this conservative Islamic country. Use of narcotics is increasing in Kuwait, and visitors found with illegal narcotics or substances are subjected to tough criminal penalties. Vehicle accident and death rates are particularly high in Kuwait. Good road surfaces, powerful cars and lax enforcement of traffic regulations combine to make speeding commonplace and driving very hazardous. Foreigners may rent cars during their stay in Kuwait. They must have an international or an American driver's license.

No alcohol, pork products, controlled substances or pornographic materials may be imported into or used in Kuwait. If prohibited items are discovered in a traveler's effects, he or she may be arrested and prosecuted.

Latest information on travel advisories can be found on the State Department Consular Affairs Website at www.travel.state.gov or the U.S. Embassy Kuwait Website at U.S. Embassy Kuwait Consular Section: <http://kuwait.usembassy.gov/service.html>.

Visa Requirements

[Return to top](#)

Passports and visas are required for U.S. citizens traveling to Kuwait. U.S. citizens can obtain visitor visas at the port of entry in Kuwait. Travelers who overstay their visas may face serious fines when leaving Kuwait. Travelers who leave Kuwait without completing Kuwaiti exit procedures may face serious fines if they return to and attempt to depart from Kuwait. This includes travelers proceeding via Kuwait to and from Iraq. For further information on entry and exit requirements, travelers may contact the Embassy of Kuwait at 2940 Tilden St., N.W., Washington, D.C. 20008, telephone (202) 966-0702, or the Kuwaiti Consulate in New York City, telephone (212) 973-4318. See our [Foreign Entry Requirements brochure](#) for more information on Kuwait and other countries. Visit the Kuwait Information Office – USA web site at <http://www.kuwait-info.org/> for the most current visa information.

For entry and exit requirements pertaining to dual nationality and the prevention of international child abduction, read our information at http://travel.state.gov/travel/cis_pa_tw/cis/cis_1469.html. For Customs Information, see http://travel.state.gov/travel/cis_pa_tw/cis/cis_1468.html.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Kuwait Consular Section: <http://kuwait.usembassy.gov/service.html>

Telecommunications

[Return to top](#)

The telephone system and communication services in Kuwait are supplied by the Ministry of Communications (MOC) and by private entities. The telephone system is good. E-mail, faxes and the Internet are widely used in international business. There are over 200,000 Internet users and several service providers including Global Direct Television and Shownet Internet solutions, Gulf Telecom, Quality Net, Fast Telecommunications Company, and KEMS.

Travelers can make direct international calls and cellular telephone service is readily available.

Transportation

[Return to top](#)

Air: U.S. business travelers to Kuwait have a variety of U.S. air carriers serving Kuwait to choose from. U.S. carriers serve Kuwait through either code share or the offering of convenient scheduling within a group alliance. Travelers on United may connect via United hubs in Chicago, Washington, Denver and San Francisco through Frankfurt for daily United Airlines code share/Star Alliance service to Kuwait on Lufthansa. Travelers on American Airlines can connect with American hubs in Chicago, New York, Miami, Los Angeles, San Francisco or Dallas to either American's One World partner British Airways at London Heathrow or through American's code share partner Kuwait Airways via its New York-JFK gateway. Likewise Delta with its partner Air France offers seasonal service to Kuwait and Northwest links Minneapolis and Detroit hubs with KLM's Amsterdam-Kuwait service

Road: The road system in Kuwait is modern, well lit and easily navigated by car. Most business executives hire an automobile with driver to manage most of their transportation needs. Most major car hire companies including Avis, Hertz and Budget are available. U.S. motorists should be cognizant and exercise caution in traffic, as traffic conditions is often problematic given excessive rates of speed and limited adherence to traffic regulations.

Lodging: Luxury to medium-type hotels, including international hotels such as the Hilton, the JW Marriott, the Sheraton and the Radisson, are available in Kuwait City.

Short-term visitors may also elect to stay in furnished apartments, which are generally rented for minimum stays of one week. The Kuwait Government subsidizes water and electricity; consumers are charged KD 0.800 (USD 2.70) for 1,000 Imperial gallons of water and KD 0.002 (USD 0.07) per kilowatt-hour of electricity. In more luxurious accommodations, water and utility costs are included in the rental price.

To host a hospitality event at a major hotel, business executives should expect to pay USD 35-40 per guest. Hotels generally require one-week notification to host such events.

Language

[Return to top](#)

The official language of the State of Kuwait is Arabic. For international projects and procurement tenders, written communication is often in English. Private businesses are free to choose the language for contracts, however, some contracts such as employment contracts and business notices i.e. announcements of the implementation of Government of Kuwait regulations, must by law be in Arabic. Corporate and or agency registration with the Kuwait Ministry of Commerce and Industry must be in Arabic, however, English or foreign language translation may be included in the submission of registration documents. A private entity may offer translation of official Arabic text. Where documents are in multiple languages, the Arabic version is the

legally binding text. English is widely spoken in the business community, and most expatriates have a sufficient command of the English language.

Kuwait has both translation and interpreter services available for any U.S. or foreign corporation, if needed.

Health

[Return to top](#)

U.S. business visitors to Kuwait encounter few health problems. They should arrive prepared to cope with the extreme heat and dust storms during the summer months. Although tap water is safe to drink, it is recommended to use bottled water as an added precaution. Food in Kuwait, including salads and dairy products, is generally fresh. A wide range of cuisine is available at many restaurants.

The quality of medical care in Kuwait varies depending on the facility, the personnel on duty and the nature of the medical problem. Although many medications (mainly American) are available in the country, visitors are advised to bring sufficient supplies of their prescription medication (as well as a signed prescription) for their entire stay. Visitors should consider purchasing short-term medical insurance, which includes a medical evacuation option in the event of a medical emergency that would require treatment in the U.S. Should medical care be required while in Kuwait, there are two options: the government system or the private sector. For routine care in the government system, access is through the polyclinic (neighborhood clinic) located in the district in which you reside. For emergency care, you may access any government hospital casualty (emergency) room. There are seven regional hospitals and numerous suburban polyclinics run by the Ministry of Public Health. A civil ID card is required to receive care in the government system (in an emergency a passport is sufficient).

The Ministry of Health now implements compulsory medical insurance on all expatriates living in the country. Visitors who request services may receive them at public hospitals as well as in private hospitals on a fee basis.

Additional information can be found in the Department of State's Bureau of Consular Affairs brochure, Medical Information for Americans Traveling Abroad. The brochure is available via the Bureau of Consular Affairs home page at www.travel.state.gov.

Local Time, Business Hours, and Holidays

[Return to top](#)

Local Time

Time in Kuwait is Universal Time Coordinated/Zulu + 3 hours (Zulu is London UTC/GMT). In comparison, Eastern Standard Time is UTC/Zulu – 5 hours, Central Standard Time is UTC/Zulu –6 hours and Pacific Standard Time is UTC/Zulu –8 hours. Kuwait does not observe Daylight Savings Time.

Business Hours

Government Offices: Summer: 07:00-14:00 Saturday-Wednesday
Winter: 07:30-14:30 Saturday-Wednesday
Ramadan: 10:00-13:00

Private Organizations: 08:30-12:30 and 16:30-20:00 (Friday closed)
(Commercial establishments)

09:00-16:00 (Friday-Saturday closed)
(financial and service companies)

09:00-14:00 and 19:00-00:00 (Ramadan hours)

Banks: 08:00-15:00 (closed Friday and Saturday)

Holidays

HOLIDAY	DATE
New Year's Day	1 January 2006
Eid Al-Adha (conclusion of the Hajj)	9-13 January 2006 (*)
Islamic New Year	31 January 2006
Kuwait National Day	25 February 2006
Kuwait Liberation Day	26 February 2006
The Prophet's Birthday	10 April 2006
Ascension Day of the Prophet Mohammed	21 August 2006
Eid Al-Fitr (conclusion of Ramadan)	23-27 October 2006 (*)
Eid Al-Adha (conclusion of the Hajj)	30 December 2006-3 January 2007 (*)

The United States Embassy in Kuwait also observes Martin Luther King Jr.'s Birthday (14 January 2006); Memorial Day (27 May 2006); Labor Day (2 September 2006); Veteran's Day (11 November 2006); Thanksgiving (22 November 2006) and Christmas (25 December 2006). The Embassy will be closed on these holidays.

*** Subject to the Islamic calendar. Holiday dates subject to change.**

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

Samples and Advertising Material

Advertising material and samples may be admitted duty free if they are contained in packages describing the advertising nature of the contents and identifying the sender. Materials considered to be in excess of reasonable requirements may be subject to normal customs duty. Tools of the trade and exhibition material likewise are duty free.

Temporary Entry

Goods entered temporarily into Kuwait can be done so under a Customs bond with the bond being remitted to the importer upon export of the product or goods in question.

The Kuwait Free Trade Zone is located at Shuwaikh Port. The trade zone allows for full trade, service and industrial activities.

Web Resources

[Return to top](#)

Department of State Travel Information: www.travel.state.gov

Center for Diseases Control Health Info: <http://www.cdc.gov>

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://unitedstatesvisas.gov>

U.S. Embassy Kuwait Web site: <http://kuwait.usembassy.gov>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

Commercial Affairs

Embassy of the United States-Foreign Commercial Service

http://www.buyusa.gov/kuwait/en/contact_kuwait.html

Agricultural Affairs

Agriculture Trade Office (ATO), Dubai (responsible for Kuwait)

Tel: (971-4) 311-6183

Fax: (971-4) 311-6189

E-mail: atodubai@emirates.net.ae or usfgcdub@emirates.net.ae

U.S. Department of State

United States Embassy Kuwait

<http://kuwait.usembassy.gov>

Economic Affairs

<http://kuwait.usembassy.gov/econ.html>

Public Affairs

http://kuwait.usembassy.gov/public_affairs.html

Consular Affairs

<http://kuwait.usembassy.gov/service.html>

Department of Defense

Office of the Defense Attaché

c/o Mr. Erik Hunt

2/28/2006

Consular for Commercial Affairs
Erik.Hunt@mail.doc.gov

Office of Military Cooperation in Kuwait (OMC-K)

CAPT. James Shields
Tel: (965) 259-1558
E-mail: ShieldsJ@omcku.centcom.mil

U.S. Customs Advisor to Kuwait

James Piatt
Email: jcpatt@yahoo.com
Tel: (965) 481-4276, Fax: (965) 483-2690

WASHINGTON-BASED U.S. GOVERNMENT OFFICES

United States Department of State

Desk Officer-Kuwait
David Berns
Office of Nearest Affairs
Email: Bernsdx@state.gov

Economic Desk Officer-Kuwait
Reece Smyth
E-mail: SmythLR@state.gov

United States Department of Commerce-Office of Market Access and Compliance

Carl Oberg
Market Access and Compliance
Office of Nearest Affairs
E-mail: Carl_Oberg@ita.doc.gov

Foreign Agricultural Service-USDA Washington

United States Department of Agriculture – Foreign Agricultural Services (FAS).
<http://www.fas.usda.gov>

Trade and Development Agency

Mr. Carl B. Kress, Regional Director for Middle East, North Africa & South Asia
www.tda.gov

Export-Import Bank of the United States

International Business Development

John.Richter@exim.gov

<http://www.exim.gov/>

Overseas Private Investment Corporation (OPIC)

www.opic.gov

GOVERNMENT OF KUWAIT CONTACTS

MINISTRY OF COMMUNICATIONS

Ministry of Communications

<http://www.moc.kw>

Kuwait Ports Authority

<http://www.kpa.com.kw/innerpage.html>

Kuwait Airways

<http://www.kuwaitairways.com/en/index.jsp>

Directorate General of Civil Aviation

Tel: (965) 471-9847, Fax: 472-0711

Customs

General Administration of Customs

P.O. Box 16, Safat 13001 Kuwait

Tel: (965) 484-3490

Fax: (965) 483-8055

Email: g8customs@hotmail.com

Kuwait Customs-shipments arriving via air transport

Tel: (965) 473-5993, Fax: (965) 472-6683

Kuwait Customs-Statistics and Auditing Office

Tel: (965) 484-3682 or 484-0472, Fax: 484-6531

MINISTRY OF COMMERCE AND INDUSTRY

Ministry of Commerce & Industry

Tel: (965) 248-3393 or 246-9335

Fax: (965) 245-1128

Public Authority for Industry

<http://www.pai.gov.kw>

MINISTRY OF DEFENSE

Ministry of Defense

<http://www.mod.gov.kw> (Arabic website)

Tel: (965) 484-8300, Fax: (965) 483-6444

E-mail: modkw@ncc.moc.kw

Ministry of Defense-Foreign Procurement Department (website under construction)

Tel: (965) 482-2187/481-7603, Fax: (965) 484-6059

E-mail: foriegnprocurement@mod.gov.kw

The National Guard

Tel: (965) 480-0006, Fax: 483-5952

MINISTRY OF EDUCATION

Ministry of Education

www.moe.edu.kw

MINISTRY OF HIGHER EDUCATION

Ministry of Higher Education

Tel: 965-240-1300, Fax: 965-245-6319 (Web site under construction)

Public Authority for Applied Education and Training

<http://www.paaet.edu.kw/index-e.htm>

Kuwait University

<http://www.kuniv.edu.kw>

MINISTRY OF ENERGY

Ministry of Energy

<http://www.moe.gov.kw/default.aspx?pagelId=3>

Ministry of Energy Electricity and Water Divisions

Electricity and Water Division

Tel: (965) 537-1000, Fax: (965) 537-1460/537-1420/1

Operation of Measurement and Control Equipment

Tel: (965) 537-1740, Fax: (965) 537-1720

Operations and Maintenance of Electric Power and Water Distillation Stations

Tel: (965) 537-1730, Fax: (965) 538-7302

Statistics and Information Center
Tel: (965) 537-1320, Fax: 537-1321

Petroleum Sector within the Ministry of Energy

Kuwait Petroleum Corporation (KPC)
<http://www.kpc.com.kw>

Kuwait Oil Company (KOC)
P.O. Box 9758, Ahmadi 61008 Kuwait
Tel: (965) 139, Fax: (965) 398-3661
E-mail: kocinfo@kockw.com

Kuwait National Petroleum Company (KNPC)
<http://www.knpc.com/knpc>

Kuwait Foreign Petroleum Exploration Company (KUFPEC)
<http://www.kufpec.com>

Petrochemicals Industries Company (PIC)
<http://www.pic.com.kw>

EQUATE Petrochemical Company (a division of PIC and Dow Chemical)
<http://www.equate.com>

Kuwait Oil Tanker Company (KOTC)
<http://www.kotc.com.kw>

Kuwait Aviation Fueling Company (KAFCO)
<http://www.kpc.com.kw/kafco.htm>

Kuwait Petroleum International (Q8)
<http://www.q8.com>

MINISTRY OF FINANCE AND OTHER FINANCIAL AGENCIES OR INSTITUTIONS

Ministry of Finance:
<http://www.mof.gov.kw/index11.html>

Central Bank of Kuwait
<http://www.cbk.gov.kw>

Kuwait Stock Exchange
<http://www.kuwaitse.com/DefaultE.aspx>

Institute of Banking Studies
www.kibs.org

Credit and Savings Bank
Tel: (965) 242-4387/242-6974/240-8534, Fax: 242-5516

Kuwait Investment Authority
<http://www.kia.gov.kw/kia>

MINISTRY OF FOREIGN AFFAIRS

Ministry of Foreign Affairs
<http://www.mofa.com>

Kuwait Information Office in Washington

<http://www.kuwait-info.org>

Embassy of the State of Kuwait in the United States of America

Tel: 202-966-0702

Consulate of the State of Kuwait in New York

Tel: 212-973-4318

Kuwaiti Cultural Office in Washington

Kuwait Cultural Office-Washington, DC
<http://www.kuwaitculture.com/pages/homepage.htm>

MINISTRY OF HEALTH

Ministry of Health
<http://www.moh.gov.kw>

Medicine Inspection Department

Medicine Inspection Dept.
Tel: 483-7467, Fax: 484-7477

Pharmaceutical Services Division

Pharmaceutical Services Division

2/28/2006

Tel: (965) 486-3564, Fax: 486-0368

MINISTRY OF INFORMATION

Ministry of Information

<http://www.mop.gov.kw/mop/index.html>

Kuwait News Agency (KUNA)

<http://www.kuna.net.kw/home/Default.aspx?Language=en>

MINISTRY OF THE INTERIOR

Ministry of Interior

<http://www.moi.gov.kw/portal/splash>

MINISTRY OF JUSTICE

Ministry of Justice

http://www.moj.gov.kw/index_en.asp

MINISTRY OF PLANNING

Ministry of Planning

<http://www.mop.gov.kw/mop/index.html>

MINISTRY OF PUBLIC WORKS

Ministry of Public Work

<http://www.mpw.gov.kw> (Arabic website)

Tel: (965) 487-7219/487-7422/487-7952/487-8422

Fax: 486-5287

THE PUBLIC AUTHORITY FOR AGRICULTURE AFFAIRS AND FISH RESOURCES

The Public Authority for Agriculture Affairs and Fish Resources

www.paaf.gov.kw (English website under construction)

Tel: (965) 476-1116/7/8, Fax: 476-5551

MINISTRY OF SOCIAL AFFAIRS AND LABOR

Ministry of Social Affairs and Labor

<http://www.mosal.gov.kw/home.html>

MUNICIPAL AND REGIONAL AUTHORITIES

Kuwait Municipality
www.baladia.gov/kw

KUWAIT NON-GOVERNMENT ORGANIZATIONS

Chambers of Commerce & Industry

Kuwait Chamber of Commerce and Industry
<http://www.kuwaitchamber.org.kw/echamber/website/index.jsp>

American Business Council – Kuwait (ABC-K)
<http://www.abc-k.org/contactus.htm>

Kuwait Fund for Arab Economic Development

www.kuwait-fund.org

Scientific and Technology Organizations, Exhibition Organizations, Societies and Independent Entities

Kuwait Institute for Scientific Research (KISR)
<http://www.kuniv.edu.kw>

Kuwait Foundation for the Advancement of Science (KFAS)
<http://www.kfas.com>

Environmental Public Authority
<http://www.epa.org.kw/main.php>

Independent Entities

Central Tenders Committee (CTC)
Tel: (965) 240-1200, Fax: (965) 241-6574

Exhibition and Fair Management

Kuwait International Fair Co (KIF)
<http://www.kif.net>

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

TRADE EVENTS & SHOWS

National Plastics Exhibition-NPE 2006

www.npe.org/

June 19-23, 2006

McCormick Place, Chicago, IL

Contact: Commercial Specialist Bassam Adham

Bassam.Adham@mail.doc.gov

Automotive Aftermarket Industry Week-AAIW 2006

www.aaiwshow.com

October 31 – November 3

Las Vegas, Nevada

Contact Commercial Specialist Bassam Adham

Bassam.Adham@mail.doc.gov

Offshore Technology Conference

www.otcnet.org

May 1 – 4, 2006

Houston, Texas

Commercial Specialist Kamal Zaher

Kamal.Zaher@mail.doc.gov

Food Marketing Institute Show (FMI)

www.fmi.org

May 7 – 9, 2006

McCormick Place, Chicago, IL
Contact Renee Harris
rharris@fmi.org

American Water Works Association Conference and Exhibition
www.awwa.org
June 11 – 15, 2006
San Antonio, TX
Contact: Pam Simons at psimons@awwa.org

Middle East Oil Show (MEOS)
Mid-March 10 – 17, 2006
Commercial Specialist Kamal Zaher
Kamal.Zaher@mail.doc.gov

EXHIBITIONS-MADE IN KUWAIT

Education Industry Catalog Show
March 13 – 16, 2006
Kuwait International Fair Ground, Kuwait
www.kif.net

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

www.buyusa.gov/kuwait

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.